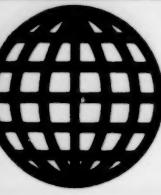


AUGUST 1988 *5th*



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POLAND

PRC Attorney General Visits

26000460e Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 2

[Text] On 1 June, at the invitation of Polish Attorney General Jozef Zyta, a delegation from the Supreme People's Prosecutor's Office of the People's Republic of China visited Poland. The delegation was headed by Wang Xiaoguang, first deputy and personal representative of the Chinese attorney general, and Yan Yichen, member of the committee of advisers of the Chinese Communist Party Central Committee.

12776

PZPR, CPSU Territorial Contacts

26000460d Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 2

[Text] At the invitation of the Siedlce Provincial Committee of the PZPR, a delegation from the Soviet Communist Party District Committee in Kirov, lead by committee secretary Stanislaw Ronzin, is visiting. The delegation is becoming acquainted with the work of party units and organization in Siedlce Province.

On 1 June the delegation met with Stanislaw Gabrielski, director of the PZPR Central Committee's Political and Organizational Department. The task of party units in the process of implementing the resolutions of the party's Tenth Congress were presented.

Participating in the meeting was Andrzej Ornat, first secretary of PZPR's Provincial Committee in Siedlce.

Also present was Soviet embassy advisor Anatolij Kowalew.

12776

PZPR Academy on Bloc Social Policies

26000461c Warsaw TRYBUNA LUDU in Polish
1-2 Jun 88 p 2

[Text] On the initiative of the Institute for Social Policy of the PZPR's Academy of Social Studies, and international scientific conference on "Social policy in socialist countries under conditions of change in the system of functioning of the economy" took place in Serock from 28 to 31 May. Attention was focused on opportunities for and threats to implementation of social goals under conditions of change in the system of planning and managing the economy, such as those occurring in socialist countries.

12776

Gdansk PZPR Hosts Session on Social Ramifications of Reform

26000486a Warsaw TRYBUNA LUDU in Polish
6 Jun 88 p 3

[Text] Economic reform leads to major differences in income. Enterprising, gifted, more productive people earn more. But the condition of the enterprise will also decide about money—a good professional in a weak firm will most likely not earn as much as his colleague in a leading company. Is such variation in income fair from a social point of view?

This was just one of dozens, hundreds of problems that must be resolved in attaining a reformed economy. It is necessary to prepare for this now, to create a theoretical basis for research and define a vision of the society that will be formed in the new economic system. Socialism guarantees social justice—but does this mean that everyone should have equal access to all goods? This would be counter-motivational from an economic point of view.

Social justice and economic reform—this was the subject of discussion by scholars, economic activists and representatives of party units. The seminar organized by the Ideological Department of the PZPR Central Committee and Gdansk Provincial Committee lasted two days—3 and 4 June in Sobieszew near Gdansk. We will soon return to these issues, in an expanded report.

12776

Select Voivodship People's Councils Sessions Reported

26000395 Warsaw RADA NARODOWA in Polish No 10, 12, 14, 17, 18; 5, 19 Mar, 2, 23, 30 Apr 88

[Reports: "Sessions of the Voivodship People's Councils"]

[Excerpts]

[No 10, 5 Mar 88 p 12]

27 January. In Szczecin, the council adopted the voivodship annual plan and budget and the plan for the voivodship cultural development fund for 1988. The voivodship annual plan for 1988 calls for, among other things, the construction of 5,600 apartments by socialized construction enterprises and 1,100 by individuals, the completion of capital renovations in 715 apartments, the construction of 201 school rooms, three gymnastics halls, one swimming pool, two preschools, one nursery, two walk-in clinics, and one health center. The budget ensures the finances for the tasks covered by the plan.

The income for the voivodship cultural development fund was set at 2,205.8 million zloty.

The plan of work for the voivodship people's council for 1988 was also adopted, and a report on the activities of the presidium between sessions was also accepted.

There were four interpellations: the lack of a dentist in the health center in Tetyń in the gmina of Kozielica, the liquidation of the game room near one of the schools in Szczecin, the start-up of a pharmacy in Cerkwice and a nurse-practitioner office in Karnice, the opening a buffet at the Polish State Railways station in Wysoka Kamienna.

Attendance: 75.4 percent.

In Tarnobrzeg, the council adopted resolutions on the voivodship annual plan and budget for 1988, the voivodship cultural development fund for 1988, the plan of work for the people's council and the confirmation of the plan of work of the presidium of the people's council for the first six months of 1988, the formation of a joint People's Council for the City and Gmina of Ozarow, the overturning of resolutions by the people's councils in Radomysk, Pysznice, and Staszow.

Attendance: 72 percent.

28 January. In Białystok, the council adopted the voivodship annual plan and budget for 1988. During the discussion of the plan, four members spoke and drew attention to, among other things, the growing decapitalization of fixed assets, the difficulties in meeting the planned tasks in health protection, the need to undertake effective actions to insure constant use of the lands of the State Land Fund, the need to increase the number of apartments in the plan, and the need to develop small-scale manufacturing.

There were six interpellations on, among other things, the reactivation of the State Notary Office in Siemtycze, the construction of an elementary school in Dąbrowa Białostocka, the acceleration of the construction of the school in Rozanystok, the transfer of the Chalk Plant in Mielnik to local industry, the concern due to the lifting of the distribution of agricultural machinery and building materials by the state administration.

Attendance: 69 percent.

In Chełm, the council adopted the voivodship annual plan and budget, and the cultural development fund for 1988. It also adopted resolutions on the confirmation of the end of the term in office of the members of the voivodship people's council, awarding the State Local Construction Carpentry Enterprise in Włodawa resources from the voivodship reserve fund, and the plan of work of the people's council for the first six months of 1988.

There were 12 interpellations: the construction of schools, telephone connections, the operation of the transit system, the rationing of coal, the construction of rural water lines, the construction and repair of roads, the operation of retail stores, dental service in rural areas.

Attendance: 74.5 percent.

In Gorzów Wielkopolski, the council adopted the voivodship annual plan and budget, the cultural development fund for 1988, and the plan of work for the people's council for the first six months of 1988. During the discussion, five individuals spoke, including four council members. The annual plan adopted lists the basic goals and tasks and the resources for their implementation in accord with the voivodship socio-economic plan for 1986-90. The goals and tasks are adapted to the principles for the implementation of the second stage of the economic reform. Preferences for the development of areas listed in the plan are insured in the voivodship budget.

The council also examined reports on the course of the national referendum in the voivodship.

Kazimierz Morawski, member of the Council of State, participated in the session and decorated Józef Bialic with the Cross of Officer of the Order of the Rebirth of Poland, given by the Council of State for service in professional work and involvement in civic activities.

There was one interpellation on the operation of retail stores.

Attendance: 67.6 percent.

In Jelenia Góra, the council adopted the voivodship annual plan and budget and the plan for the voivodship cultural development fund in 1988. It also examined the report of the Voivodship Office of Internal Affairs on the operations of the Citizens' Militia to maintain peace, order, and public security in the voivodship in 1987 and a report on the implementation of the council resolution of January 1987 on strengthening public security and order, especially countering social pathology.

There were five interpellations: the supply of drinking water, the prices for the removal of wastes, and road construction.

Attendance: 75.8 percent.

In Leszno, the council adopted the voivodship annual plan and budget for 1988, examined the report of the regional rural inspection for 1987 and accepted a report on the work of the presidium of the people's council between sessions.

It also adopted resolutions on establishing exemptions and releases from making amortization payments for 1988 to the voivodship centralized amortization account.

Attendance: 66.7 percent.

On the occasion of the 43rd anniversary of the liberation of the Leszczynski region, there was a ceremonial joint session of the voivodship and city people's councils with the voivodship and city PRON councils, in which Jurij Bobrovetski, representing the Consul General of the USSR, participated. Deserving civic activists and combatants received state awards. Delegations of plants, political parties, trade unions, youth organizations, and combatants placed wreaths of flowers in front of the national monument.

[No 12, 19 Mar 88 p 11]

28 January. In Przemysl, the council adopted the voivodship annual plan and budget for 1988 and examined the proposed transfer of voivodship tasks to the people's councils at the basic level. It adopted the appropriate resolution on this matter, and, as a result, the following tasks, among others, will be decentralized: investment costs, subsidies supporting volunteer efforts, and investments associated with supplying agricultural and rural areas with water. It also examined reports on the operations of the rural regional inspection in 1987 and adopted resolutions on the plan of work for the people's council and its presidium, the selection of social controllers for the rural regional inspection for the next two-year term, exemptions and releases for enterprises from making payments to the central amortization fund, the regulations of the State Fishermen Brigade, and an evaluation on giving the status of city to five localities in the voivodship.

Attendance: 77 percent.

In Rzeszow, the council examined the report on the operations of the Voivodship Commission for Volunteer Actions and adopted the voivodship annual plan and budget for 1988. During the discussion, the council members supported the proposals presented at the session. The council also overturned a resolution of the Krasne Gmina People's Council of March 1987 because it is illegal.

Attendance: 68 percent.

In Lublin, the council evaluated the implementation of the council resolution of 1987 on supplying agriculture and rural areas with water and on the plans in this area through 1990; it also adopted the voivodship annual plan and budget for 1988. The plan calls for the construction a larger number of apartments than in 1987,

improvement in the facilities for education, more effective action to protect the environment and to develop small-scale manufacturing. The budget guarantees financing for the tasks in the annual plan.

During the discussion, the speakers emphasized that the plan and budget adopted are a result of the anticipated economic capabilities and not of needs.

Attendance: 72 percent.

In Lomza, the council adopted the voivodship annual plan and budget, and the voivodship cultural development fund. During the discussion, the council positively evaluated the investment priorities established in the plan for installing gas, electricity, land melioration, and supplying agriculture and rural areas with water.

It also adopted a program for health protection and social services through 1990 and directions for action through 1995.

It also evaluated the implementation of the voivodship plan for combatting social pathology, especially alcoholism, and adopted resolutions naming social controllers for the regional rural inspection, and assigning resources from the reserve fund for the Investment Implementation and Works Enterprise of the State Farm Wizna.

Attendance: 54 percent.

In Plock, the council adopted resolution on the voivodship annual plan and budget for 1988 and the voivodship cultural development fund for 1988.

While generally accepting the tasks and directions in the plan, during the discussion the council members emphasized, among other things, that given the difficult economic situation more effective work, conservation, entrepreneurship, and liberation of all reserves and initiative should be promoted more than ever. The resolution adopted requires the state enterprises and other economic units and institutions operating in the Plock Voivodship to ensure the agreement of their economic activities with the voivodship socio-economic annual plan.

The council's own income constitutes 75.7 percent of the total income included in the budget adopted.

Attendance: 63 percent.

29 January. In Biala Podlaska, the council adopted the voivodship annual plan and budget and the voivodship cultural development fund for 1988. During the discussion, 10 individuals spoke, including nine council members, and they raised the issue of working conditions for farmers, living conditions in rural areas, medical care, and the domestic-market situation.

The council also examined reports on the state of order and security and combatting negative social pathology, named the controllers for the regional rural inspection, and adopted a resolution on the development of workers' garden plots through 1990. The council also adopted a plan of work for the voivodship people's council for the first six months of 1988.

There were 20 interpellations and recommendations on, among other things, the operation of the post office, the remodeling of the power lines, construction of gmina roads, the improvement of the supply of parts for agricultural machinery, the expansion of the schools and the health center, the construction of a water line, improvement of services for agriculture.

Attendance: 60 percent.

In Bielsko Biala, the council adopted the voivodship annual plan and budget and the voivodship cultural development fund for 1988. The basic tasks in the plan are improving economic stability, chiefly by introducing the program to implement the second stage of the economic reform.

Seven council members participated in the discussion.

The council also adopted a resolution on the further decentralization of authority from the voivodship level to the basic level, transferring three tourist enterprises, four renovation-construction enterprises, and one museum.

There were two interpellations.

Attendance: 70.6 percent.

In Bydgoszcz, the council adopted the voivodship annual plan and budget and the cultural development fund for 1988. In the voivodship annual plan, the basic economic and social goals are the maintenance of a high rate of industrial production, slowing the decline in the number of head of livestock, maintaining favorable crop levels, construction of a larger number of apartments than in 1987, and striving to increase and improve the operation of the health service and retail trade.

Three council members participated in the discussion and raised the issue of construction capacity and the ability to meet the planned tasks in housing construction.

The council also examined reports on the operations and range of decentralization of issues and tasks to the councils at the basic level, accepted a report on the work of the presidium between sessions, and adopted a resolution creating the Bursy City and Gmina People's Council.

Attendance: 66 percent.

In Gdansk, the council adopted the voivodship annual plan and budget for 1988. Ten individuals, including nine council members, participated in the discussion and pointed out that the range and dimensions of tasks in the plan reflect the current economic situation, but do not guarantee the achievement of all the goals in the socio-economic plan for 1986-90, especially in the area of housing construction.

The council also accepted a report on the operations of the presidium of the people's council between sessions.

There were 14 interpellations on, among other things, renovating housing buildings in Sopot, supply the M. Kopernik Hospital with basic sanitary and personal hygiene resources, increasing investments in modernizing the facilities of the health service, supplying farmers with liquid fuels, constructing a garbage dump, constructing an industrial street in Gniewo.

Jerzy Uzieblo, member of the Council of State, participated in the session.

Attendance: 74.5 percent.

In Kalisz, the council adopted the voivodship annual plan and budget and the plans for the special funds of the voivodship for 1988.

During the discussion, five council members spoke and said that complete implementation of the planned tasks is possible given increased discipline, improved work organization, concentration of the capacity of the construction enterprises, rational management of material and financial resources, and improved efficiency in investment.

There were six interpellations: the renovation of roads in the locality of Karsa, making the entrance from Pleszew onto the national bypass road from Poznan to Katowice, the limit of ethylene 94 octane for the fourth quarter of 1987 and the current year, land improvement in the gmina of Trzciniec, the water intake for the village of Boguslaw.

Wladyslaw Jonkisz, member of the council of state, participated in the session and decorate Janusz Michocki, the chairman of the people's council, with the Commander's Cross of the Order of the Rebirth of Poland, given by the Council of State for service in his professional work and civic activities.

Attendance: 76 percent.

In Pila, the council adopted the voivodship annual plan and budget and the plan for the cultural development fund for 1988. During the discussion five individuals spoke, and among other things, they stated the need for verification of the plan during the course of the year because of price changes and raised the issue of the

scarcity of resources earmarked for education and training. The council also adopted a plan of work for the people's council and the presidium for the first six months of 1988.

There were 20 interpellations on, among other things, the timeliness of the payments to farmers of the equivalent for coal; supplying rural stores with first aid articles; construction of schools, health centers, and gmina roads; the operation of the State Motor Transport; the regulation of the use of the lands of the State Land Fund; water lines in rural areas; operation of urban heat plants; credits for renovations of apartments belonging to physical persons; sales of feeds; and the quality of sausage products.

Attendance: 68.9 percent.

[No 14, 2 Apr 88 p 11]

17 February. In Wloclawek, the council adopted the voivodship annual plan and budget and the voivodship cultural development fund for 1988.

Twelve individuals, including eight council members, participated in the discussion, and they emphasized that the plan proposals reflect a genuine acceleration of the rate of satisfaction of the social needs of the region. The problem of the failure to satisfy many of the needs of the localities of Raciaz, Nieszawa, Piotrkow, and Wloclawek was also raised.

The plan for council work for the first six months of 1988 was also adopted.

Attendance: 66.7 percent.

24 February. In Konin, the council evaluated current operations by the housing cooperatives in the voivodship in the area of managing the residential areas, especially social infrastructure and adopted a resolution on the implementation of construction accompanying cooperative housing developments. The implementation of the plan to renovate older housing was evaluated, and a resolution in this area was adopted.

A program of undertakings in municipal management to protect the environment, including cleaning up sewage and the use of wastes in the city and rural areas, was adopted.

Further, resolutions were adopted on the transfer of some state enterprises to the people's councils at the basic level, the transfer of some plants and other units of the state to people's councils at the basic level, and the confirmation of the plan of work of the presidium of the voivodship people's council for the first six months of 1988.

Attendance: 72.5 percent.

In Tarnow, the council evaluated the state of, and the development capabilities of, housing construction. It evaluated the implementation of the resolution of the council from 1985 on the detailed principles for calculating the price of state lands in the voivodship.

It also adopted a resolution on changes in the selection of rural areas to be included in the regions qualified for the production of seed potatoes.

There were eight interpellations and recommendations: making prices for water uniform, accelerating the distribution of back orders of coal, establishing an on-demand bus stop on the line from Muchowka to Lipnica Murowana, giving financial assistance to beekeepers for the purchase of medicine for sick bees, the shortage of coal rations for the workers of Stomil in Debica, classifying Wola Lubecka and Kowalow among mountain areas, subsidizing the construction of roads built as part of voluntary efforts, extending the route of the bus hauling workers to Stomil in Debica.

25 February. In Slupsk, the council accepted the candidacy of Jan Ryszard Kurylcuk to fill the vacant position of Slupsk Voivod (by secret ballot).

The council also heard reports on the implementation of the council resolution of 1977 on the development program for health protection and social services in the voivodship for 1977-87.

During the discussion, the participants emphasized the significant improvement in the area of basic health care. The contributions by residents to the National Health Care Fund was recognized.

Resolutions were adopted on the use of tax exemptions for investment in the non-agricultural socialized economy, the operations of tourist services and recording, and sales of food and garden articles, except for the sale of flowers and goods of foreign origin, partially overturning resolutions of the Leb City People's Council on the financial plan for tasks for 1988-90 for being inconsistent with the resolution of the voivodship people's council.

There were six interpellations: supplies of fuels for agriculture, supplies of spare parts for mechanical small home appliances, the purchase of lumber by farmers, and the distribution of automobiles by the Center for Special Education in Damnica.

Michał Janiszewski, head of the Office of the Council of Ministers, participated in the session.

Attendance: 76.6 percent.

[No 17, 23 Apr 88 p 11]

29 February. In Bydgoszcz, the council evaluated the state of the housing resources in the voivodship and adopted a program that aims to maintain and modernize those resources. It also heard reports about the results of inspections conducted by the district labor inspector on working conditions and observance of the law in plants in the voivodship.

Jerzy Zygmunt Uzieblo, member of the Council of State, participated in the session.

Attendance: 69 percent.

In Walbrzych, the council debated the crucial problems of the villages in Walbrzych Voivodship and laid out the directions for insuring the socio-material conditions for rural society in the voivodship through 1990.

It also adopted resolutions on changes in the attachments to the resolution on setting up the principles for establishing the prices of land in the voivodship, naming the Voivodship Commission for Voluntary Actions in Walbrzych, adopting a flag for the Voivodship Headquarters for the Fire Fighters in Walbrzych, ending the term in office of the member from election district no. 1.

Attendance: 67.5 percent.

23 March. In Sieradz, the council examined the proposed regional plan for the voivodship, revised the program for environmental protection for 1984-90, accepted the report on the implementation of the council resolutions for the development of education and instruction, evaluated the implementation of the program for housing construction to 1990, and adopted a program for housing through 2000.

It also heard reports on the work of the council presidium between sessions and the operations of the voivod and the Voivodship Office for the fourth quarter of 1987. It also adopted resolutions on changes in the resolution of 1986 on the sales of state non-agricultural real estate in the voivodship, defining the tasks and resources for social organizations which can perform tasks in the culture area, creating the volunteer fishermen brigade and confirming its charter, setting the number of members of the people's council at the basic level, forming the Sieradz Investment Directory in Sieradz, and transferring municipal housing enterprises to the people's councils at the basic level.

There were 12 interpellations: the distribution of liquid fuels for veterinarians, starting the Ruch Club, payments for transportation of mineral fertilizers, services for groups of milk producers, water pollution, land melioration for meadows, lack of greases for agricultural

machinery, deadlines for developing construction documentation for schools, access to the mass media in the Wielun region, the deadlines for presenting health certificates for farmers.

Piotr Stefanski, member of the Council of State, participated in the session.

Attendance: 69.7 percent.

24 March. The People's Council of the Capital City Warsaw met and adopted a program for health protection and social services through 1990 and outlined perspectives through 2000. It also examined reports on the operation of the local self-governments in the capital voivodship during the current term in office, confirmed the number of council members for the people's council at the basic level for the elections in 1988, accepted reports on the up-dated concept of burial, and reports on the principles and methods for implementing modern technology for removing municipal and industrial wastes.

The basic goals of the adopted program for health protection and social services are improvement of the health of the people in the voivodship, improvement of the basic health care at home and work, and also care for mother and child, development of social services for the increasing number of older persons and the handicapped, combating pathology (drug addiction, alcoholism, nicotine addiction).

Resolutions were also adopted on empowering the presidium to express agreement to the publication of the decision on the location of investments with voivodship-wide significance, confirming the charter of the State Fishermen Brigade, giving names to streets and to local stops of the Polish State Railways, establishing fare districts for individuals and goods for taxis in Warsaw.

There were four interpellations, in writing: the liquidation of the gasoline station on Dobra St. in Warsaw, poor quality work of the telephone exchange in the gmina of Lomianek, the poor illumination of the streets in the gmina of Lomianek, the food store closed for six months in the gmina of Lomianek.

Attendance: 61 percent.

In Plock, the council evaluated the implementation of the council resolution of October 1986 on the prevention and combatting of social pathology and crime in 1986-90.

During the discussion, the council members judged the state of the implementation of the tasks associated with the combatting of all types of social pathology and pointed to the existing capabilities not in use.

It also heard reports of the regional rural inspection for 1987 and reports on the activities of the environmental and natural resources protection services undertaken to expand the areas of protected nature in the voivodship.

There were six interpellations: the introduction to the investment plan implemented as part of volunteer efforts to build schools in Maszew Duzy, the rejection of sick people by hospitals without orders from the area doctor, the prices of coal for agricultural production in 1987-88, the extension of the route of local transit to Wyszyn.

Elzbieta Gacek, member of the Council of State, participated in the session.

Attendance: 64 percent.

[No 18, 30 Apr 88 p 11]

25 March. In Gdansk, the council debated the basic problems and directions for action in the food industry. During the discussion (four council members spoke), they pointed to the disconcerting decline in the number of head of cattle, in the production of potatoes and beets, the lack of progress in the use of green lands, and the decapitalization of the agricultural and food industries.

It also evaluated the implementation of the council resolution of 1983 on the problems of environmental protection and water management in the voivodship.

The council also adopted resolutions on the number of council members at the basic level, the reduction in 1988-90 of the tax basis for the agricultural tax for production from some horticultural plots, tax exemptions for investments for individuals engaged in the trade of food, agricultural, and horticultural items, and a guarantee for the creditability of the Agricultural Management Enterprise in Sluszew.

There were 13 interpellations on, among other things, the protection of waters in the coastal area, the construction of a road joining the villages of Szpedawsk and Rywald, the completion of the construction of the tunnel under Chlopska St., the emission of the second television program for the entire voivodship, supplying the veterinary services with fuel, purchasing pigs in the gmina of Karasin.

The council appealed to society to work on its free Saturday, 23 April, for the benefit of the National Volunteer Fund to Aid Schools.

Attendance: 75.1 percent.

In Skieriewice, the council summarized its operations and those of its bodies during the term in office 1984-88, evaluated the performance of the electoral program, and the implementation of the recommendations and proposals of the voters in successive election campaigns.

During the discussion, the council members expressed satisfaction with health care, education, municipal services, and also with agriculture and the food industry.

The council also examined reports on the implementation of the program for combatting social pathology and reports of the voivodship prosecutor on the observance of the law in the voivodship.

It also established the number of council members at the basic level for 1988-92.

There were seven interpellations on the activities of the State Insurance Fund, the distribution of gasoline for growers with back-pack sprayers, improving the service of clients in retail stores, excluding payment of land tax unused lands in the valley of the Bzura River, the correctness of the collection of payments for giving farmers food ration cards on the transfer of their farms.

Attendance: 65 percent.

In Radom, the council evaluated the state of land management and defined directions for action in this area through 2000; it also examined reports on the implementation of the council resolution on ways of developing agriculture and the food industry in the voivodship through 1990, including the cultivation of orchards and preparations for spring work. During the discussion, attention was drawn to the problem of using lands in the State Land Fund, the unprofitability of animal husbandry, the poor supply of agricultural production resources, increases of prices for services for agriculture.

There were three interpellations: increases in market prices, road repairs, renovation of the melioration ditch in the gmina of Radzan.

Attendance: 73.5 percent.

28 March. In Bydgoszcz, the council evaluated the operations of the Jeziory Wielkie Gmina People's Council and the Gostycyn Gmina People's Council, evaluated the operations of transit in the voivodship, defined the tasks in this area through 2000, and also examined reports on the operations of the treasury chamber for 1987.

It adopted a resolution on the number of council members at the basic level.

Attendance: 68.5 percent.

In Ciechanow, the council confirmed the proposals of the regional plan through 2000, evaluated the up-dating of the program for developing agriculture and the food industry, heard reports on the operations of the regional rural inspection. During the discussion the speakers emphasized the importance to the regional plan of the development of the city of Ciechanow as a voivodship

center and of Pultusk due to its value for tourism, and also meeting the water needs of Ciechanow by building a reservoir in the area of Kargoszyn and Regimin.

The council also adopted resolutions on establishing the number of council members at the basic level, the distribution of resources in support of volunteer efforts, general electrification of some villages and modernization of power equipment in 1988, the creation of forest areas that are not the property of the state, establishing a flag for the Dzialdow and Zubromin City and Gmina People's Councils.

There were 10 interpellations and recommendations on, among other things, the localization of garages in the Aleksandrowka housing development in Ciechanow, the liquidation of the section of Ruch in Zuromin, the organization of rural clubs, road construction, improvement of the State Motor Transport, increasing the resources for the support of volunteer efforts, the installation of telephones in the veterinarian clinic in Lipowiec.

Sylwester Zawadzki, member of the Council of State, participated in the session.

Attendance: 70 percent.

In Czestochowa, the council evaluated the implementation of the provisions of the law of 26 October 1982 on procedures against individuals refusing to work, examined reports on the implementation of proposals and recommendations made during the election campaign to the people's councils in 1984.

It adopted resolutions on changes in investments for 1988 and financing some tasks with a portion of the budget surplus generated in 1987, and establishing the number of council members at the basic level.

There were six interpellations on, among other things, the worsening conditions of the City Transit Enterprise and the increasing costs, the construction of the water line Przyrow II, the assignment of resources for building fish ponds, and the improvement of telephones service for the gmina of Mstow.

Attendance: 78 percent.

In Lodz, a joint session of the Lodz City People's Council and the Lodz PRON Council with the Sejm deputies from Lodz was held.

They examined reports on the implementation of the election program of the Lodz council and proposals and recommendations of the voters, especially those made during the election campaign to the people's council in 1984.

The proposals of the regional plan for the Lodz Voivodship were also confirmed.

There were nine interpellations: resolving the localization of two different institutions located on one parcel of land, improvement of the housing of the City Public Library in Lodz, the cutting of trees around the power plant, the liquidation of bus line number 88, the state of the gas network in Lodz, train information, environmental pollution by the Delta Plant, and the harmfulness of the chemical materials used in cleaning the sewage system.

Attendance: 71.7 percent.

29 March. In Krosno, the council evaluated the implementation of the election program and the postulates and recommendations made during the election campaign to the people's councils. It also adopted a program for environmental protection through 2010.

Discussion concentrated on stopping the degradation of the ecology of the voivodship and returning it to balance, the maintenance of the purity of the rivers and streams and the construction of new intakes for drinking water, and the protection of forests and woods in the Bieszczady Park.

It also appealed to the people's councils at the basic level, the social and youth organizations, institutions and plants, and all the residents of the Subcarpathian regions to take up effective actions to improve the state of the natural environment.

There were 13 interpellations.

In Lublin, the council evaluated the implementation of the council resolutions of 1985 on the state and development of education in the voivodship, noting an improvement in the material conditions of schools and educational institutions in the voivodship. (During these two years, 28 new school buildings were opened and 120 renovated.)

The council also evaluated the current operations, effects, and intentions of the leadership of the Voivodship Office in the area of improving the operation of local state administration in light of the review and certification of positions. It positively evaluated changes in the services for citizens by the offices of the state administration.

It also examined the report on the operations of the regional rural inspection for 1987 and the implementation of orders and recommendations made after the inspections.

It also adopted resolutions on the usefulness of joining the State Horticultural Enterprise in Niemce with the Frukopol Agricultural Industry Complex in Lublin, establishing the number of council members at the basic level.

Witold Lipski, member of the Council of State, participated in the session.

Attendance: 71 percent.

13021

Ideology Conference Preparatory Meeting on Pluralism, Constitution, Other Issues
26000460c Warsaw TRYBUNA LUDU in Polish
1-2 Jun 88 p 4

[Text] Recently in Poznan there was a discussion among representatives of the social sciences devoted to the new characteristics of socialist democracy. Its organizers were the Ideological Department of the PZPR Central Committee and the PZPR Provincial Committee, in cooperation with the Political Science Institute of Adam Mickiewicz University. The discussion was another stage of preparations for the party's Third National Ideological-Theoretical Conference. We present some of the proposals offered in the discussion and selected excerpts from the scholars' opinions.

On the Issue of the Constitution

The need to draft a new constitution is foreordained by the extent and importance of the changes that must be made in it. This arises from the need to create a new model of the democratic socialist state. There is no chapter in the constitution that would not require substantial changes and additions. In addition, a number of problems of constitutional rank that are currently absent must be introduced to it. For example:

A new definition of the concepts of socialism, social justice and egalitarianism as the goals of the political system. A new definition of the government's political foundation, e.g., the mutual relationship of social forces, of the role of the intelligentsia (an alliance of three forces), the place in the political system of small scale producers, the limits of development of the capitalist sector and the place in the system of the neo-capitalist class.

A new notion of public property that takes into account the dimension of its forms (national, cooperative, communal, the property of public organizations) as permanent elements of the socio-economic system.

More extensive and complete regulation of the Sejm's role, along with basic element of legislative procedure. A broader role for the Council of State, constitutional regulation of new legal protection bodies—the Constitutional Tribunal and the Tribunal of State, the Supreme Administrative Court. A new concept of the role of the government, its structure and functions. A complete definition of the place of self-management in the socio-political system and other forms of direct citizen participation in government.

This is not a complete list of the problems that must be resolved on the way to constitutional regulation.

The most important characteristic that should by which the new democracy should be marked is authenticity of popular government expressed at three levels: policy, production and holding authority. Because the phenomenon of alienation of workers and employees still occurs and self-management is still not a fully generalized institution. Thus decentralization of powers and collectivizing decisions are necessary.

The means of future socialization of property, which should serve social and territorial integration, must be considered. Evaluate the representative system, expanding its representativeness while attempting to introduce requirements for appropriate professional qualifications when proposing candidates.

Maintaining the superiority of representative bodies over executive bodies is crucial, since we are still a long way from full implementation of the terms of the constitution. An important issue is maintaining equivalence between parliament and the government from the standpoint of delegates' professional qualifications. It is also advisable to expand the direct participation of working people in decision making, without unnecessary duplication of structures.

The relationships between the principle of democratic centralism and the principle of self-government should be examined. The constitution should determine the compatibility of these and other system principles.

Representative and Executive Bodies, Administration

In the discussion, the opinion was offered that contemporary government is very expensive. Only some central offices are associated with productive activity; the rest fulfill the role of bureaucratic intermediaries. So an analysis of this system must be done to show more clearly which institutions are unnecessary.

The coalition method of governing and the framework of socialist pluralism require theoretical analysis. It was noted here that pluralism consolidates social divisions and does not lead to limitation of particularisms. From the standpoint of the practice of governing, it is not fully known who is accountable to whom and for what. The government, for example, is accountable to everyone, while the Sejm sometimes is an consulting branch, not an organ of representative government.

The participants agreed unanimously that the state should not be identified with the state apparatus, but should be viewed as an organization of working people. The administration fulfills an ancillary role.

The structure of government should be subordinate to the triad of party, representative bodies and administration. However, the structures of government should not be reduced to the point of contacts between apparatuses. Representative bodies should be strengthened but only

in the area of those duties it can perform. Administration must have clearly defined responsibilities. If we expect it to perform organizational functions, it must be provided with legal and material instruments.

A lack of a concept of cooperation between administration and self-management has been observed. Self-management often takes on the decentralized difficulties and problems of the state.

Self-Management

Systemic solutions in the area of self-management point to consolidation of the participative function of this structure. But there is still a lack of a concept as regards its representative function. There is a need for a political determination of the circumstances under which self-management solutions are constructive, worthwhile and socially rational. It is felt that only those kinds of self-management that contribute to dealienation of the person and work, those that will function creatively and serve the development of productive forces have a future. Self-management is not a faultless structure, but should meet needs and aspirations of an organic work nature.

Financial and economic fortification of territorial self-management is needed. The point is independence in spending, legal entity status and communal property. A historical turning point would have to be created in these fields.

Democratization of industrial self-management is becoming a central issue. The work is still very remote from influence on the enterprise. Partnership groups are something of an exception; the solutions adopted in them have major importance and confirm that democracy can be reconciled with discipline and higher productivity. Self-management is an opportunity for the socialist society with an anti-bureaucratic orientation.

Equality of Rights and Responsibilities

Preserving the principle of equality of rights and responsibilities is an important political issue. The political system cannot be properly developed if it is bound by an unbroken chain of constraints from various sides. Attempts by some groups to dominate others must be halted, because this does not bring us closer to socialism.

The party has not yet considered the public nature of life. Various forms of self-censorship, depending on the officials, still occur. But often the lower one goes in the organizational structure, the less democracy there is.

The Party

It was said in the discussion that the phrase "the leadership of the PZPR" is a most broad and capacious concept. It promotes the building of a normative model of political leadership within the limits of the new

phenomenon of political coalition. At the same time, it should be determined whether coalition is a tactical or strategical element or a characteristic of the political system. The "rippling" of tactics and strategy is disturbing. It is necessary to define the level at which this coalition is to be effected. Also necessary is a definition of the party's place, affirmation of the principles of coalition and its contribution to formulating programs.

(Based on a report prepared by a conference committee, edited by Doc Dr Janusz Romul)

12776

Western Use of Term 'Opposition' Favored in Understanding Pluralism

26000461g Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 3

[Text] In profoundly reforming the economy and socio-political life, we must win the support of the people, have the majority of society behind us, [in particular] that avant garde that wants to make changes, said PZPR Central Committee secretary and secretary general of PRON's National Council Stanislaw Ciosek during a discussion Tuesday [31 May] on the television program "Spory." There are many new, fashionable words, he added, such as pluralism or variety, consensus or coming to an agreement. But it is not only a question of fashion. Because from a variety of proposals we should choose, in an agreed-upon way, the best variation, the best possibility, and implement it, having the support of the people behind us.

In the referendum, said S. Ciosek, we also asked about the road to economic development, along with unpopular, difficult issues. We obtained a certain approximate indication regarding public support. And these, not others, were the solutions later adopted, which still met with that well-known public reaction a few weeks ago. I feel, S. Ciosek stressed, that building the hope that reform of economic, social and political life will win 100 percent support today is unrealistic. We will most likely evolve in conflicts and the point is to have a decided majority behind us.

Asked about the course of work on the new law on associations, the PZPR Central Committee secretary noted that it will be a certain form of political pluralism. The point is to enable expression of the various attitudes and interests of a variety of social groups so that each would have the opportunity to express itself and organize according to its own interests. The only limit to this right would be the interests of Poland and the constitution of the state. Sometimes, said the "Spory" guest, we use the word "opposition" in the Western sense. In the West it is contained within constitutional rules. It is simply another opinion, another way of implementing what is recorded in the constitution, the system of that state. To us "opposition" is often associated with that which destroys the system, the constitution, which is

contrary to law and order. It is hard for us to find a precise definition but it is a fact that there are many people who think differently in Poland. Long ago, in 1980, we broke off from the notion of the moral and political unity of the nation.

12776

'Radical' Allies of Self-Management Attacked
26000460b Warsaw *RZECZPOSPOLITA* in Polish
1-2 Jun 88 p 3

[Article by Prof Kazimierz Doktor: "Self-Management and Reform: In Search of Allies"]

[Text] Economic reform is actually taking place in a society divided by economic interests and political attitudes, but one cannot fail to see the forces that identify themselves with economic reform and are the motor for real, not apparent, changes.

For in the flood of critical opinions on the economy, the collective heroes of organic work could be lost, those who, not sharing a tendency to complain and not succumbing to passivity, have set about putting management systems in order, especially in industry. It is they who are slowly improving management efficiency and attempting to prove that it can be done, even when other succumb to the pressure of inability, passivity and deliberate isolation.

The employee self-management groups in enterprises are this collective power, this forward action in the difficult third year of the current five year plan and the no less difficult periods of the second state of economic reform.

Activists in effective and well functioning self-management in state enterprises and employee councils of certain scientific and research institutes have treated seriously the principles of independence and self-management and, while disregarding the manifestations of returning, disliked centralism in the materials, foreign currency and, in part, the wage economy, they are the factor in the management system that proves the power of reform principles and considerable chances for serious democratization of economic relationships.

Yet not everyone shares such optimistic opinions. For there are radical allies of self-management who would like to assist self-management, but in doing so say that it is a weak institution and worse, a declining one. Such critical assessments appear even in the reports of researchers who know employee self-management and co-author collective reports on self-management.

In their opinion, self-management groups are weak when they do no implement the radical model of management in enterprise and do not attempt to take authority from the hands of state administrators (management). So there is that dissatisfaction with the position held by self-management on the basis of rules from the law of

1981, even though it defines its powers as authority and responsibility within the limits of co-management and a partner's relationship to other bodies in the enterprise and to political and professional organizations operating in it. The complaints say that self-management is failing since the current model for reform of the economy does not aim to place it in the market and apparently does not create conditions for independent management, while an indispensable condition for self-management is freeing the enterprise from dependence on the environment identified with always criticized parent bodies.

As is apparent, such support of self-management, through negation of its status and criticism of its social role, is not conducive to the development of work by activists who, in any case, know best from their own experiences the objective barriers to self-management. It also appears that the approach described is a mixture of good intentions and misunderstood orders. After all, one cannot help self-management with arguments about the shortcomings of a law, complaints about unrealistically conceived status or failure to perceive economic successes. Such statements, which express the personal powerlessness of the researchers, surely help not self-management, but apathy and retreat from the established functions that make self-management a social force of a reformed economy.

We feel that employee self-management is better served by the view that, while perceiving the many conditions of its actions, including resistance and barriers, emphasizes the indispensability of this form of economic democracy and the social usefulness of the functions performed by self-management.

Most employee councils are duly concerned about the strategy for growth of the enterprise, its internal relations as well as fair and just distribution of profits. It is true that self-management groups rarely deal with personnel management and still perform their control functions too poorly. But it is also true that they are perceived as one of the few institutions that view economic reform as realistic and rational improvement of the economy and, as such, enter into conflicts with opponents of consistent, radical reform. This is clearly shown by their skirmish in the fall of 1986 over the project for modification of the legal bases of economic reform and their concerned attitude regarding implementation of the principles of economic policy that manifests itself at national conferences of self-management activists occurring under the aegis of the Sejm Committee on Self-Management Affairs, and above all their exhausting work in enterprises and plants.

So let us acknowledge—without succumbing to the useless optimism and self-satisfaction of reformers—the communal and completely voluntary toil of dedicated self-management activists as an unimpeachable contribution to the work of developing their own enterprises, with benefits for the employees themselves and thus for the efficiency of the entire economy. Let us hope that the

more than 130,000 experts and activists who make up the employee councils will continue to be open and unambiguous allies of economic reform. Our appreciation of them is all the greater as the opinions intensify of those who, with their excessive criticism and the radicalism of the claims, including political ones, are actually contributing to the deceleration of economic reform and are thereby uniting in one line with the advocates of conservative, anti-reform attitudes.

Self-management activists should be appreciated not only for public work on behalf of efficiency, but also for identifying themselves with reform, for protecting its principles and sensibleness in the public forum, for their contribution to its improvement. They are spokesmen for the independence of firms and employee independence; they are a social force that counteracts economically unwarranted notions of grouping enterprises and the excessive interference of parent bodies in their economy at a time when they are breaking through with such effort to legal and economic independence. In this regard—in the opinion of the economic administration—self-management groups are troublesome and inconvenient, but such an opinion can be attributed to the new conservatism, which is based on declarations of support for reform and on actual opposition to it.

Employee self-management can and should continue to be a basis for economic motivation which can, within the limits of the goals and resources of the annual plan for economic growth, produce increased efficiency. The way to this is reform of management through cooperation with units of employee democracy formed in Polish enterprises. So when conservative thinking about improving the economy of the Republic threatens, it is worth pointing to employee self-management in state enterprises as an example of collective resourcefulness and the rationality of reform. This is no doubt an optimistic assertion, but without optimism there is no socialist initiative.

12776

Rural Circles' Influence on Cooperatives Minimal
26000460a Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 3

[Article by Ewa Fiala: "Agricultural Self-Management: A Means of Marking One's Presence"]

[Text] Agricultural self-management is not a partner to regional authorities. In concise terms, that is how one could characterize the main thread of discussion on the second day [1 June] of deliberations of the Main Council of the National Association of Farmers, Rural Circles and Agricultural Organizations [KZRKiOR], which is devoted to evaluation of implementation of the law on social and professional farmers' organizations and the law on cooperative rights.

This is not a subjective feeling on the part of the participants. Research by the Supreme Chamber of Control confirms that this is essentially the case.

The authorities do not appreciate, do not notice agricultural self-management (Bronislaw Kanka, Gdanski Province). This was one observation, but there is another, parallel one—agricultural self-management does not take advantage of its rights.

If there are any rational (or rather, irrational) premises for such relations between, for instance, a community office and the circle representing farmers, then the powerlessness of circles in mutual agreements with agricultural circles' cooperatives [SKR] is completely inexplicable.

In articulating the opinions of farmers, members of the Main Council said influence on the activity of the SKR, on directions for the growth of cooperatives is minimal. How does one deal with this, how does one counteract the not infrequent instances when the SKR departed from its main task—to help farmers in producing food? Many council members (including Janusz Maksymiuk, Henryk Siedlecki and Bronislaw Dyjak) see an effective means in fixing the amount of membership dues (for circles and farmers) from which the cooperative's property originated. Making dues more realistic would make mutual relations more realistic and would show in black and white who is the owner of the cooperative.

But there is no doubt about one thing. (Among others, Henryk Siedlecki talked about this.) The assets of economic units of agricultural circles has been estimated at over 270 billion zloty—equipment, machines, shop furnishings, etc.—and must be used for the good of agriculture, contributing to growth, modernization and improving efficiency in this branch of the economy. This must be strived for urgently. The council appointed a special committee which is preparing a plan of appropriate legal regulations that will permit further execution of the function of the SKR and other economic circle entities toward agriculture.

The impression prevailed that the nose is for the snuffbox and not the other way around (which applies not only to problems in agreements with the SKR but also the problem of self-management attaining its proper position in the community). But does this mean that this is the case always and everywhere? On the contrary. There are many economically powerful SKRs that refute the common contention that income must be sought outside of agriculture and that are always at the service of farmers.

12776

Introductory Draft Law on Municipal Ownership Presented

26000485a Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 3

[Text] A proposal for a constitutional provision concerning municipal ownership already exists and was adopted on 30 May by the Extraordinary Commission. It reads as follows: "The people's councils, on the basis of the statutes, administer the municipal property comprising the property of territorial self-management units." It was also said at the Monday meeting of the commission that other issues will be decided in the law on the system of people's councils and territorial self-management as well as in a separate law on municipal ownership, which is currently being prepared and will be submitted for debate in the Sejm in the fourth quarter of this year.

A public draft of this law, it turns out, originated earlier. It arose in the office of the weekly RADA NARODOWA and the text is published in the most recent edition of that publication.

The "general provisions" of the draft says that the subjects of municipal ownership are the residents of units of territorial self-management—cities and villages. Its managers are the people's councils, as territorial self-management bodies. Comprising municipal property are state lands transferred by the state and set aside for purposes of public use, state agricultural and forest lands (except for those used by state entities and special purpose lands), surface waters used for local needs, buildings and furnishings of the infrastructure for local services, public use enterprises serving local needs and manufacturing, commercial and service enterprises subordinate to the councils.

The draft provides for the establishment of a Municipal Development Fund with legal entity status. In order to achieve a common economic goal, territorial self-management units and municipal property entities may enter into joint stock companies with limited accountability. Intermunicipal associations may also be formed.

The editors of RADA NARODOWA plan to conduct a debate on the draft law.

12776

**Need for New Law on Municipal Ownership
Defended as Vital to Self-Rule**
26000485b Warsaw ZYCIE WARSZAWY in Polish
7 Jun 88 p 3

[Interview with Zygmunt Zell, director of the self-management department of RADA NARODOWA, by Aleksander Checko]

[Text]

[Question] It is intriguing: after the "Szelig draft" another "private" draft law of major public importance

appears in your weekly. What moved the journalists of RADA NARODOWA to action?

[Answer] I will start by saying that no one forced us. We simply came to the conclusion that there was no point in writing or reading publications on the subject of municipal ownership where every other sentence read "one should." Especially since time is pressing. Most likely the question of municipal ownership will be written into the constitution at the next session of the Sejm. There is also to be an amendment to the law on the system of people's councils and territorial self-management, but without concrete rules on municipal property. So it appears that what was to be the trump card in the pre-election campaign (the creation of economic foundations for territorial self-rule) has unfortunately been lost "somewhere along the way." We felt it was time to get down to specifics. We sat down and there was the draft, published in our issue number 23.

[Question] The subjects of municipal ownership, we read, are the residents of territorial self-management units—cities and villages. The councils are the property administrators. Self-management units, along with their property (hence, former state lands, local buildings and furnishings, building that are the property of the state, public use enterprises and those that are subordinate to the councils, buildings and furnishings erected as a result of public service projects, etc.) constitute independent legal and economic entities, functioning as legitimate persons. That is how the draft reads. But please tell us why we really need this municipal ownership, why this bill?

[Answer] In order to create an economic system of territorial self-rule in the fullest sense of the term. Because there is no territorial self-management without municipal ownership. Otherwise, it is art for art's sake, as shown by our long term experience.

Municipal ownership should serve to improve the local economy and therefore the economy in general. Is it not a paradox that territorial self-management, as one of the premises for the socialization of the state, has won acceptance in the West but not here? There the state does not get involved in the organization of urban transportation or retail trade and does not decide about local issues. They are left to local communities, to the autonomous economy.

[Question] Do we indeed have territorial self-rule?

[Answer] Yes, on paper, and it even sounds good. In article 3, paragraph 3 of the law on the system of councils, it says, "the people's councils and self-management entities of residents of cities and villages comprise

the system of territorial self-management." But what is this self-management without property, without economic substance and the institutions that serve citizens directly.

[Question] Excuse me, you are criticizing the law on councils, but as far as I know, you once participated in preparing it.

[Answer] Yes. About 30 scholars and practitioners worked on the committee that prepared the law. The problem of legal entity status and, in general, economic freedom for the councils and self-management units was on the agenda dozens of times. With no success.

[Question] Why?

[Answer] Because it was and still seems to me today to be a delicate issue in a certain sense. It concerns limiting authority and powers: what belongs to the state, what is centrally determined, what is local, what is municipal. Whatever the solutions in this area, they elicited the charge of threatening the state, especially after 1950, when territorial self-management ceased to exist.

[Question] Yet we have much experience of our own in self-management. Even after the war the self-rule system actually functioned very well in Poland?

[Answer] I will give an example that is perhaps typical. In 1947 I was president of Brzeg on the Odra. When it turned out there was no money in the city treasury to pay employees, I ordered the railroad's water to be turned off, since it was behind in its payments. The head of the station wanted to accuse me of sabotage, but an hour later the money was found.

Can you imagine something like that today? Yet I did it because it was not the center's business how I paid my employees or whether I had the money for it. The people's council dealt with me and I was accountable to it. As a rule, every meeting of the council was devoted to one thing: how was I managing the zloty placed at my disposal. But—here is another example—when someone complained that the trash had not been collected somewhere, I paid 300 zloty out of my own pocket, even though I was earning 800. That was how it was done then!

[Question] But it has changed. Why?

[Answer] Because the system of the centralized state, which "knows better" and guarantees everything, became the ideal. This is a theory that brought us to the point where in the 1970s the Planning Commission established roughly 2,000 indices (including one for pickling cucumbers) and opponents were almost counted as enemies of the people. Today....

[Question] We find ourselves at the starting point?

[Answer] In a certain sense, yes. Except that we have managed to waste much experience and lose some of the people who knew self-management, who worked in it.

But on the other hand, in the past few years people (especially the villages), without thinking twice, have been working and building. For whom have they done this? For themselves, for their own local communities! Today there are hundreds of kilometers of new roads, waterworks, gas lines, new schools, preschools, houses of culture, stores and clinics. As a matter of fact, they comprise the unwritten property of citizens. There are small towns and villages where there are genuine theatrical halls and school stadiums have been erected in a month and a half! This is proof that when people have unsatisfied needs and have money, strength and the desire to act, they can do a great deal, they know how to manage on their own turf. But they cannot be limited in their actions or deprived of the resources with which they can increase their community property. I believe the recent announcements about expanding economic freedom in the state will also be favorable to this trend.

[Question] It is apparent from the draft law that municipal property entities would conduct independently the economic activity appropriate to them, that they function on the basis of self-management and financial independence and that the financial basis for municipal services, for example, would be the principle of earning capacity. But is full local financial independence possible?

[Answer] No. And it has not been achieved elsewhere either. In Great Britain, for example, subsidies are at 40 percent; in West Germany, 50 percent and here, up to now, 70 percent. It is indisputable that territorial self-rule needs money from the outside. The question is, what will help finance and how?

[Question] The draft law says that the people's councils can apply for financial assistance through the state treasury as an exception, in special instances. But normally, for purposes associated with increasing municipal property, the councils can negotiate numerous credits?

[Answer] Because there is a difference between waiting for a grant, which sooner or later will come "from the top," and negotiating credit at the bank, signing an obligation to repay and accounting for its fulfillment before the bank and the council, which has to approve these actions.

Those are the consequences and genuine burden of the principle of local self-government. It says that issues that have local significance are managed by people from the local community, summoned to this by way of elections, using resources, municipal property, to satisfy and develop local needs. And it is not without significance whether it is guarded by a distant central administrator or the people who are on the spot and can keep an eye on things. So as a result, this should be more efficient, thrif.

effectively controlled management. Just as it is in the case of an owner who cares best for his own property and feels every irregularity, every loss of that property very deeply.

[Question] For this, not only is a law on municipal ownership needed, but people above all.

[Answer] That is true. But there are examples showing that in recent years territorial self-rule has kept many genuine activists. Today, several days before the elections, this is an especially timely issue. A great deal also depends on what is next; will the conditions that allow these people to act really be proven out.

[Question] Exactly, what next? The draft law would require thorough discussion among many experts and submission to the public since, I presume, it is a starting point, a proposal for the time being.

[Answer] That is how we are treating it. But I hope that its coming into being will speed up the work of competent bodies and stop "municipal ownership" from being a mysterious phrase.

12776

Religious Affairs Office, Ecumenical Council Meet
26000461a Warsaw TRYBUNA LUDU in Polish
1-2 Jun 88 p 2

[Text] A meeting took place Tuesday [31 May] between the minister-director of the Office for Religious Affairs Wladyslaw Lorance and the presidium of the Polish Ecumenical Council where, according to the approved agenda, a council proposal on legislative regulation of the legal status of churches comprising the council was discussed. It was accepted as appropriate that work be started on the preparation of a bill that would regulate the matter of guaranteeing full execution of freedom of conscience and religion and would create bases for legal instruments concerning individual churches and religious associations in a way that is legally equal for all churches and religious associations in Poland. A drafting group was appointed for further work on proposal for concrete normative solutions. Emphasizing with satisfaction the good state of relations between the state and the Polish Ecumenical Council and its member churches, participants discussed institutional solutions helpful to strengthening mutual cooperation while maintaining their identity and individuality.

12776

Metropolitan Describes Orthodox Church Position, Role in PRL
26000486b Warsaw TRYBUNA LUDU in Polish
4-5 Jun 88 p 8

[Text] A delegation from the Polish independent Orthodox Church, headed by the metropolitan of Warsaw and the entire Polish Orthodox community, will participate

in the celebration of the 1000th anniversary of Russian Christianity, to take place from 5 to 17 June in Moscow and Kiev. In connection with this, a PAP reporter asked Metropolitan Bazyli about the current state of the Orthodox Church in Poland and hopes associated with the meeting of representatives of various Christian churches of the East and West at the celebration.

The Polish Orthodox Church is fully independent, self-governing and not subordinate to any external authority, said Metropolitan Bazyli. It is independent as regards administration, worship, establishing rites of service, etc. That is the essence of independence. For almost one million Polish citizens, Orthodoxy is the faith of their forebears and themselves. Among them are Poles, Ukrainians, Latvians, Bialorussians, Russians and Greeks. There is, naturally, a tendency to maintain one's identity, but they are not nationalists. We live in Poland and we see ourselves as her children and Poland as our homeland. Yet we form a community with other Orthodox churches on a dogmatic, canonic and ecclesiastical basis. Every church is equal among equals.

Orthodoxy is not merely a religion and a church. It is also a product of spiritual and material creativity. In Poland it has roots going back to the Fourth Century, the time of the pilgrimage of Cyril and Methodius. For more than a thousand years it has grown in this land, enriching its customs and culture and has participated in the exchange of spiritual values generated by all the nationalities of the former Republic, by all religions and denominations. Poland has always been one small world for all of us who are a national community.

We are proud of the legacy that Polish national Orthodoxy has brought to the store of material and moral values of our homeland, both through the achievements of people renowned for their actions as well as through the everyday toil of simple farmers. I could name many, but I will mention just a few, beginning with the Chodkiewicz line, which produced the most renowned pre-partition Polish leader, Jan Karol, up to the heroic Fiedorenko family, father and sons, who gave their lives in Polish uniforms during World War II.

Today, in People's Poland, with its entire rich tradition of native Orthodoxy, we see ourselves as fully vested participants in important future processes. We do not avoid firm patriotic and civic options as far as the good of Poland and human being are concerned, as far as peace is concerned. There are far reaching similarities between our doctrine and the teachings of the Catholic Church on peace and the official documents of socialist countries. I believe that dialogue on matters of peace are a primary task for all religions of the East and West, for Marxists and Christians, for nations with different systems of government. This is the true foundation for the comprehensive unity of the people of the world. The Russian millenium, in which we will participate with

representatives of many religions, can play a major role in fortifying values so necessary today, such as dialogue, ecumenism and bringing people closer together.

One must remember that the background for the celebration has been created by significant political, social and cultural processes occurring in the Soviet Union itself as well as in other socialist countries. Christians cannot remain indifferent to them. This is a matter for mutual consideration in dialogue between believers in socialist societies and Communists holding power. Such dialogue is necessary for understanding within states and among states.

I think the millennium celebration should also be an opportunity for collective reflection on everything that makes up the shared, centuries old tradition of Eastern and Western Slavs. Such reflection is crucial not only to us—Slavs—to us—Christians—but also to all of Europe, which is today seeking common roots in the face of threats to the continent's identity and unity. John Paul II spoke in this spirit in his papal encyclical "Euntes in Mundum," which was intended to serve the future of sister Christian churches.

Understanding is contingent upon mutual knowledge, openness and an exchange of ideas. There are many issues of the modern world, besides the aforementioned doctrine of peace, which are common to people in every geographic area. Thus, hunger, poverty, despair, unemployment, incurable disease. The moral crisis in Poland, I believe, is also part of the moral decline all over the world. The churches must see this; governments must treat it seriously. In analyzing the situation in Poland, I have said many times that the most important mission of Christianity today is restoring the Decalogue to the hearts of the people. In a country of universal religious feeling, we are becoming skeletons without soul. There is a lack of Christian humility; we do not thank God for what we have. No one will send us manna from heaven. We must work for it by the sweat of our brow.

I cannot imagine a great meeting of Christians such as the Orthodox Church in the Soviet Union is preparing for the 1000th anniversary of Russian Christianity without reflection on such universal moral values as human life, respect for the human personality and work ethics. Only on the basis of mutual acceptance of these values by people of various philosophies can we build the future of the world. Otherwise, no. It is with these thoughts that I am going to this great feast of Christianity, the millennium of Russian Orthodoxy.

A delegation of the Polish Ecumenical Council left 3 June for Moscow for the soon to begin celebration of 1000 years of Russian Christianity. Among those in the delegation are Bazyli, metropolitan of the Polish independent Orthodox Church, and first bishop Tadeusz Majewski, head of the Polish Catholic Church in the PRL.

A delegation from the General Deaconate of the Polish Army, headed by Rev Col Florian Klewiado, general deacon, also left on that date for the celebration of the Russian millennium of Christianity.

12776

Working Class Youth Advancement Potential Seen Limited

26000411d Warsaw *ZYCIE WARSZAWY* in Polish
23 May 88 p 3

[Article by Alicja Matynia-Bonik: "Workers: Aspirations and Chances"]

[Text] In the course of the last 20 years, the lot of workers' families has changed. The former sages presented families in which the father and mother were workers, and the grandparents were usually peasants. The third generation usually had higher aspirations, which had either already been fulfilled or were well on the way to realization in the form of a medical, engineering, or legal diploma, etc. Social advancement, moving from class to class was at that time a natural process, and I would say an obvious one.

Today this family saga appears somewhat different. The father and mother are workers, but their children are predominantly workers as well, often working in the same factory, and often benefiting from privileges, since their parents clear the way for them to enter the plant. At present, the majority of workers originate precisely from workers' families. This largest social group, which constitutes two thirds of all employees in the socialized economy, and together with their families, half of society, is self-reproducing, since such a factor as population migration from the villages to the cities, through which the working class increased until recently, is declining in importance.

As stated by Prof Jan Małanowski in his book "Polish Workers," "Over 7 million workers who live and work in Poland do not constitute candidates for emerging from that class, but rather spend their entire lives in that class." There has been a decrease in the chances for social advancement, for changing social affiliation by gaining higher skills and responsible jobs, and thereby raising one's own social position.

Study Without Advancement

In a monograph entitled "Position of the Working Class in Poland," issued by the Academy of Social Sciences, Grazyna Koptas considers the extent to which the current system of education creates possibilities for the intergenerational advancement of workers. It appears from the analysis conducted by the author that more and more working-class youth are continuing their studies in postelementary schools, in technical schools and vocational schools. In 1955, 40 percent of the students accepted for the first year in those schools were the

children of workers; in 1970, already about 46 percent; and in 1985, nearly 57 percent. Similarly, more and more of them are studying in basic vocational schools: in 1950 about 48 percent of the freshmen at those schools were children from workers' families; in 1970, 58 percent; and in 1985, nearly 65 percent.

This problem is different in general secondary schools, where less than 40 percent of all the young people admitted each year, starting in 1950, have been of working-class origin. On the other hand, the proportion of workers' children among the graduates of general schools is growing in comparison with youth from other social groups. They simply treat their studies more responsibly.

Working-class youth, who after completing elementary school choose primarily a basic vocational school or technical school or a vocational secondary school, thereby limit their chances to begin studies at higher schools. Working-class youth constitute less than 32 percent of the first-year students in full-time classes, and 48 percent of those in classes for people who are working. Working-class youth enroll more frequently in classes for working people than in full-time classes, which may demonstrate that their living conditions favor such decisions and not others.

Studies conducted by different centers in Poland on the dependence of educational careers upon social origin consistently confirm the thesis that real social choices are made immediately after the completion of elementary school. The choice of a post-elementary school in which studies will be continued determines, to a considerable extent, what kind of education a young person will receive. The next stage, between secondary school and college, only consolidates these tendencies. In the years 1971-1984, less than half of the secondary school graduates of working-class origin applied for admission for studies, whereas nearly all of the intelligentsia youth planned to attend higher schools after graduation. In spite of such considerable differences among individual social groups with respect to willingness to engage in studies, the percentage of working-class youth that has passed the entrance examination is approximately at the same level as the other social groups.

Working-class youth's chances for social advancement through education are declining. This can be seen, for instance, from an analysis of statistical data. Youth of working-class origin constituted nearly 41 percent of the first-year students in 1970, but 32 percent in 1985. Social origin also has an effect on the choice of an appropriate course of studies. The most working-class youth attend higher pedagogical schools (about 40 percent), physical education academies (about 38 percent), and economic academies (about 37 percent). Medical academies and art schools have the fewest of them. This fact confirms the thesis that the decision on the selection of these courses of study must be made earlier, during the stage of

selecting an appropriate secondary school. School studies and independent work are not sufficient for successfully passing an entrance examination, the scope of which goes beyond textbook knowledge. Among young first-year medical students in Silesia, as many as 80 percent admitted in surveys that they had had private tutoring. This was thus a sort of investment in a planned future, something which not all parents can afford. Working-class youth thus have a better chance of getting into the schools and courses of study where there is considerably less competition. Attempts at a sporadic equalizing of chances have turned out to be unsuccessful, since they have increased conflicts instead of democratizing society.

Working-class youth aged 15-29 constitute over 40 percent of the total. Most of them are the second generation of workers. Objectively, they have a right to be dissatisfied, since the greater the social advancement that was their fathers' lot and the greater the cultural progress they have made, the relatively worse the prospects of their children appear. In a stabilized society, such advancement as that of their fathers, whose lives came during a period of fundamental changes, can only be the lot of individuals, not numerous groups. Consequently, the second generation is inclined to question the prevailing relations and the resulting relatively poorer prospects for their own advancement, even under non-crisis conditions.

Furthermore, in the traditional working-class family, the central figure was the father, and his consumer needs had priority, since they were associated with his need to restore his strength for work. In the Polish People's Republic, working-class circles have adopted the intelligentsia's pattern of upbringing, in which the child is the central and primary consumer (this is due, among other things, to changes in the demographic model of the family). On one hand, this leads the family to expenditures beyond its means; on the other hand, it is a source of frustrations, conflicts, and a feeling of being socially underprivileged. Consequently, in speaking of individual careers, which can and should be due to education, one cannot forget that these careers affect only a certain group; on the other hand, for many millions of members of the entire class, education can and should be one of the elements of a concept indicating that in being a worker, one can enrich one's life, realize it more fully, and fulfill one's aspirations.

Material Welfare

The material situation of working-class families, like that of society as a whole, has been subject to deterioration in the 1980's, and has not yet reached the level of 1980. The situation of individual families differs, however.

In studies conducted by a group of sociologists directed by Prof Lidia Beskid, three elements determining the material situation were examined: per capital income in the family, the possession of durable goods, and the level

of housing. Workers in the fuel and energy industry earn the best wages. With respect to per capita income, single workers are in the best situation. Those best supplied with durable goods are highly skilled workers (engineers and technicians in workers' jobs) and workers with basic vocational education, since they represent certain patterns of consumption, and have higher needs in this area. With respect to comfortable housing, those in the best situation are workers who reside in cities with over 100,000 inhabitants. For example, miners earn a great deal, but nevertheless, their housing situation (the standard of miners' cottages) means that they are not the group possessing the best chances for very good living conditions.

About half of the workers live in average conditions. Most of them assess their material situation as average. Objectively bad living conditions are perceived as bad only by some of the workers. The rest consider them to be average, and this happens, above all, as a result of low aspirations or unwillingness to admit the real situation. On the other hand, it is very rare that workers with relatively good living conditions assess them as good.

The results of the studies give grounds for stating that workers' aspirations with respect to the satisfaction of their everyday needs are not diminishing. About 60 percent of those polled expressed a desire to satisfy them at a relatively high level or the highest level. The most poorly satisfied needs include vacations, i.e., regaining one's strength, and housing and cultural needs.

According to the most recent mass research by GUS [Main Statistical Administration] in 1985, the picture of workers' participation in culture is a complex one. The working class is inundated by mass culture. Fewer and fewer workers are going to theatrical performances, operas, and concerts by symphony orchestras. The most successful—four times more than the theater and the opera—are the circus, bandstands, and athletic competitions and events. The cultural deserts in new working-class housing developments induce them to shut themselves up in the homes around their televisions. The lack of cultural alternatives also promotes the appearance of negative and even pathological phenomena.

In addition to wages and complaints, the workers polled also point out the need to improve working conditions, and to modernize and organize work. They think that it is within the enterprise's capability to bring about a change for the better in this area. Consequently, their expectations are aimed primarily at the management, and then at representative organizations. A considerable number of workers, however, feel helpless about these matters. In their view, such negative phenomena as inefficiency and waste, poor labor organization, cliquishness and favoritism, and arrogance and courtesy have intensified. The workers think that the reasons for poor work are primarily low wages, improper attitudes toward work, and poor conditions. Moral relativism in the

assessment of negative phenomena has increased. Nearly a fourth of the workers are inclined to make this assessment dependent upon the circumstances.

Work and Satisfaction

Workers' work ethic has remained a lasting value, despite various difficulties. In 1985, 61 percent of the workers still thought that it was worthwhile to work well "regardless of the circumstances," and 15 percent thought that that it was worthwhile to work well "to the extent that work receives proper compensation." On the other hand, however, as many as 20 percent of the workers supported the view that "it is not worthwhile to work well" regardless of the circumstances. In 1978, only 4 percent supported such an attitude.

Workers' attitudes and awareness are formed primarily by social reality. Professional work, performed mostly for 40 years, absorbs a third of one's life. In view of the nature of labor, its difficulty and unattractiveness, a worker can be satisfied only by the social effect of work, i.e., performing it for the sake of society's needs, and not by the process itself. The social effect of work gives meaning to the worker's individual effort. It may be considered a paradox that the workers are precisely the ones that most sharply criticize the system of the organization of work, and demand the creation of conditions for more efficient and thus also more intensive work.

Work still occupies the second place, after the family, among the values that are particularly important to workers. Workers view themselves as working people, and would like their work to be meaningful and satisfactory.

The values acknowledged by workers also include such ideas as social justice, social ownership, and socialist democracy. As it appears from the analysis, this picture is dominated by those values which constitute the social goals of socialism: guaranteed employment, social security, social equality marked by real and honest distribution according to work, and the dignity of labor. The constancy of workers' attitudes, which have always associated socialism with social justice, has been confirmed.

9909

Trade Union Economic Commission Activities, Reform Viewed

26000463 Warsaw ZWIAZKOWIEC in Polish
No 24, 12 Jun 88 p 7

[Interview with Wojciech Wisniewski, director, Economic Commission of the National Confederation of Trade Unions, by Jacek Swidzinski]

[Text]

[Question] What are the most important goals set by the last congress for the OPZZ Economic Commission? To

what problems did you devote the most time, the most attention?

[Answer] It turns out that the Economic Commission is simply loaded with duties. This arises from the country's economic situation, from the fact of the initiation of economic reform. The congress obligated us to wise action in matters of the economy. And that is how we are trying to work. There are more than 80 people working on the commission permanently, union delegates, members of the Socio-Economic Council, experts from the union Research Center.

[Question] What about cooperation with the "rank and file?"

[Answer] We try to discuss all materials, except for "fiery" situations, with the federations, the provincial union organizations and the unions in the plants. Only after such consultation do we prepare material for the highest bodies of the OPZZ.

[Question] What are the most important economic problems the Economic Commission has encountered in the past year?

[Answer] The most important issue is the attitude toward economic reform. From this came the position on several individual problems with which we dealt. The commission met every month, sometimes twice a month, as the requests arose from the OPZZ Council.

The trade unions are generally in favor of reform. But effective reform. In my opinion, reform should have been set up differently seven years ago. If radical changes are to be made, then this has to come from a diagnosis of where the reasons for failure come from. I feel that the reasons for the failure of the socialist economy lie more deeply, that they are reasons of a "genetic" nature. Therefore, changes cannot be cosmetic; they must go deeper.

[Question] What are these "genetic" reasons?

[Answer] I see two main problems here. The first is the question of ownership. Without a decisive solution on the relationship to state ownership, which is de facto bureaucratic ownership, without a decision in practice on equal laws for private, communal, cooperative, self-management and state ownership, there will be no true reform. These forms of ownership should compete with each other and complement each other at the same time—the infrastructure and heavy industry should remain state owned, but average sized industries could function very well as cooperatives, self-management partnerships or finally even as private firms. The possibility of changing one form of ownership into another should be guaranteed. I see great possibilities in joint stock companies, because they facilitate capital liquidity.

Joint stock companies would allow capital to be moved to create modern industries. And that is the dilemma—how to decrease an enterprise's reliance on the state. Leaving all current ownership dogmas in place will not resolve the matter.

[Question] And the second problem you mentioned?

[Answer] It is a question of prices and the market. Prices are the economy's alphabet. Please note that in original socialist doctrine, as money disappears, there are no prices. And that is a synonym for the market, the result of supply and demand. A fictional price means a lack of a parameter of economic evaluation. The market is to the economy as the stadium is to competitors. The lack of a stadium means that we do not know which of the competitors is first, which second and which third. And the same is happening here as a result of unrealistic prices—we are not in a position to say what pays and what does not. Moreover, we still do not have a genuine market here, yet the center is already beginning to interfere crudely in that market.

[Question] How does this relate to the position of the trade unions on price and income policy? The unions have approached it cautiously, yet the government has said that this action has improving price structure as its purpose.

[Answer] There were many reservations. The main motive for our reasoning as regards prices was opposition not to price increases themselves as an occurrence but to the pricing process, which we were convinced would not offer much besides social tensions. After just two months there is much to show that this effort did not produce the desired results.

[Question] Has the OPZZ been taken over by clairvoyants?

[Answer] The government really has a difficult problem to solve here. As deputy premier Sadowski said, we are dealing on one hand with an attempt at maximum mobilization of supply with maximum resistance to the outflow of money. It is an old dilemma—how to lead to a situation where supply increases faster than the outflow of money. The point is that limiting the outflow of money also limits supply. The government is cutting off this stream of zloty with the help of the tax system as well as by drawing off the money surplus by way of raising prices in the conviction that this is the main threat and "somehow" we will manage to deal with supply. But there is another school, to which I lean personally, where cutting off money, drawing it off with the help of prices, leads to hindering supply, e.g., to an impasse. In my opinion, it is worth risking an excessive outflow of money if it affords opportunities for significantly increasing supply. The trade unions criticized price increases as a means of bringing balance back to the economy because they saw how full of holes the remaining mechanisms in our economy are.

[Question] I understand that this is a kind of economic optics within the commission. But are you convinced that this view will reach the federations, the provincial union groups. Are there appropriate channels of information to communicate economic concepts to the "rank and file"?"

[Answer] Unfortunately, no. I feel that the flow of information from the OPZZ is our weak point. It is not adequate to our needs. Many reasons are at the bottom of this situation. People do not always want to read about what has been done in the OPZZ.

Generally speaking, there should be more planning and conceptual discussion in the OPZZ. If we have a clear position on the notion of reform, it will be much simpler for us to consider opinions on price increases or plant compensation systems, etc. But we are moving gradually in the desired direction.

[Question] We mentioned two of the remaining tasks with which the Economic Commission has been involved: the attitude toward reform and the price and income process. What other problem have you had to handle?

[Answer] We gave opinions on central annual plans. Generally, we charge them with a lack of aggressiveness, minor structural changes in our economy. Each of them signifies a "little bit" of reform, but one cannot do things this way. One cannot reform "a little" just as one cannot be "a little" pregnant.

[Question] It was stressed very strongly at the congress that if one cannot raise the public's standard of living, then at least one cannot allow it to decline. How do you on the commission view this question?

[Answer] In the OPZZ's opinion, a statistical maneuver has been made recently in the matter of the costs of living. Excluding the prices of alcohol and tobacco is not a proper measure from the official point of view, but people have obtained and still are obtaining food articles. We are dealing with a statistical manipulation. Costs are what one spends, not what one should spend. One can imagine that someday coffee or tea, for example, will be found on the list of items that are not included in costs of living.

We are waging a battle with the government over which will rise faster—wages or prices. The government says that prices must be raised because of the constant increase in wages. Prof W. Krencik's research has shown that it is not wages that are rising faster and moreover that the contribution of wages to the costs of production is decreasing steadily and is lower than in highly developed countries. There it amounts to 30 to 40 percent, while here it is less than 10 percent. The question arises: what is the reason for rising prices. The answer is embarrassing to the whole economy: the reason is the

increase in the inefficiency of economic structures. It is not wage increases that are reflected in price increases, but an increase in wastefulness of the entire economy.

[Question] How will the OPZZ now approach economic issues, the most important for the country at this moment and therefore for the trade unions?

[Answer] Although there is only one OPZZ, management and chairman Miodowicz have come to the conclusion that monoculture is detrimental. And that is why, at one of the recent meetings of the secretariat, it was decided that two economic groups will function in the OPZZ to prepare specific concepts for solving economic problems. They may play a very big role in creating a conceptual and planning platform. One of the groups will be directed by deputy chairman W. Martyniuk and the other by me as head of the Economic Commission. The main goal will be preparation of materials for the assembly, which is to take place at the end of this year. We are creating conditions for competition. The OPZZ intends to organize a conference in September in which union members, experts and the media will participate and at which we will want to come out with preliminary considerations of economic concepts for the union movement.

[Question] Recently the Sejm conferred extraordinary powers on the government. What is the position of the work movement on this issue?

[Answer] Fortunately, there have been certain corrections to the first version of these powers. This project has been modified considerably, especially in the area of union interests, although it still does not suit us completely, because there are limitations on the freedom of action of trade unions. At almost the last moment, the OPZZ was able to include the issue of the federation's position on possible protests or strikes in the draft bill. We are trying to fortify the federation structure of trade unions and not assume their powers.

In the economic sphere, we anticipate that this will be action to accelerate reform. People can agree to a painful operation when they feel that it will produce the desired result. One has to treat these special powers as special obligations to the Sejm on the part of the government to institute consistent, radical and, most of all, rapid reform.

[Question] Let us move to particular matters. What is happening with collective work agreements?

[Answer] We feel that introducing collective agreements into practice, not theory, has major significance. We already have the first sign—the printers have recently signed such an agreement. But that is not enough. The more difficult the situation in the economy, the clearer certain basic rules should be. Alternatives thus far—plant compensation systems—have been ineffectual in our opinion. A rational plan has finally emerged in the

Ministry of Work and Social Policy and has been accepted by the OPZZ. I would like to emphasize here that in this matter our position corresponded almost completely to that of the Sejm's Socio-Economic Council, with which cooperation is shaping up very well.

[Question] With what else is the Economic Commission involved?

[Answer] I would like to stress that throughout the entire period of our work, we have kept in mind the congress' recommendation not to permit a decline in the population's standard of living and real income. And as regards particular issues I would mention only opinions on fuel supplies for the population, on rules for compensating people employed in non-school training systems, on opposing monopolistic practices, on additional days off from work, on general principles regarding benefits from plant social and housing funds, on money allowances from public assistance; we have submitted opinions on amending construction law, on rules for compensating directors, the list of enterprises of key importance to the national economy and others.

[Question] Thank you for the interview.

12776

PAN, Defense Ministry Cooperation Talks
26000461b Warsaw *TRYBUNA LUDU* in Polish
1-2 Jun 88 p 2

[Text] The annual meeting of the Cooperation Committee of the Polish Academy of Sciences [PAN] and the Ministry of National Defense social sciences division was held in Warsaw.

Means to implement the decisions and conclusions reached at last year's meeting and directions for further cooperation were discussed. Participants also adopted a joint position before the planning meeting of PAN and defense ministry management.

The meeting was co-chaired by Prof Mieczyslaw Michalik, brigadier general and deputy chief of the Main Political Directorate of the Polish Army, and Prof Witold Hensel, secretary of PAN's first division.

12776

Captain on Militia Reserve's Role in Countering Demonstrations
26000462 Warsaw *PRZEGLAD TYGODNIOWY* in Polish No 27, 3 Jul 88 p 8

[Interview with Capt Leszek Maj, commander, subunit of the Motorized Reserve of the Citizens' Militia [ZOMO], by Andrzej W. Malachowski: "I Am Not a Gargamel" [Gargamel is the villain in the currently popular cartoon show "Smurfs"]]

[Text]

[Question] On Sunday, 19 June, at about 2 p.m., you said officially at the Old Town Square in Warsaw that you are not Gargamel.

[Answer] When the dwarfs started to call me names I got a little upset and actually said, "Listen, do not insult me; I am not Gargamel."

[Question] Then who were you?

[Answer] I was and am a captain of the militia, commander of a ZOMO sub-unit, and I was at the Old Town Square in an official capacity. But the dwarfs knew this, so I did not have to explain it to them. I merely said that I am not Gargamel, that I am a Smerf.

[Question] You were not tempted to "sic the cat" after the dwarfs? You did not have the strength?

[Answer] Now you are irritating me. In the first place, there were no more than a dozen or so dwarfs and the whole crowd, including on-lookers, numbered a few hundred people. Secondly, it appears that you feel that ZOMO is only there to use force in dispersing a crowd. After all, that is an extreme measure.

[Question] Do not get upset. One might say that you were at the Old Town Square in an official capacity, but by personal invitation. Is that right?

[Answer] In a certain sense, yes. On 1 June, when the dwarfs first appeared in Warsaw, giving a performance first at the Eastern Wall passage, then at the Saxon Garden, I was invited at the conclusion to Old Town on 19 June.

[Question] Only you of all the, shall we say, official people?

[Answer] That I do not know. When I asked whether I was to come alone, the dwarfs said I should come with my friends.

[Question] Dwarfs, Gargamel, Smerfs—you found yourself in fairyland?

[Answer] Actually, the dwarfs carried around a banner that read "Militia in fairyland" but there really were no fairies.

[Question] Did you treat this as an ordinary demonstration?

[Answer] That is too big a word. It was, in both cases, on 1 and 19 June, a kind of political happening. Humorous in places, but tasteless or even offensive in other places.

[Question] To you personally?

[Answer] Not exactly. At Old Town Square, for example, they presented a parody of the elections, electing John Helpless, a trembling, frightened little man. You will admit that this is offensive to those councilmen who are committed to their community. On the other hand, they followed me carrying a banner depicting me as a radical.

[Question] What was wrong with that?

[Answer] Nothing, except that it was written "Rady [council's] Kal [dung]," so I took it away, saying it was stupid.

[Question] And then the dwarfs started chanting, "Stupid banner, smart militiaman" ("Glupi transparent, madry milicjant").

[Answer] Yes, but placing the words so that with the appropriate accent, it sounded like just the opposite.

[Question] Ultimately, whether you wanted to or not, you became an active participant in that happening.

[Answer] Maybe that is how it turned out. I did it consciously anyway, carrying out an official order. The point was not to permit serious disturbances in the city, losses, unrest.

[Question] But did your unconventional mode of conduct surprise your superiors? You even loaned the dwarfs the megaphone in your vehicle, which one of the agencies called a manifestation of glasnost in the ranks of the militia.

[Answer] My superiors are reasonable people and are not bereft of a sense of humor. They would have been displeased if I had not been able to bring both gatherings to their conclusion peacefully, without a scene.

[Question] But you could have used force?

[Answer] You already mentioned that at the beginning of this conversation. So once again: first of all, the use of force did not depend on me. I merely informed my superior of what was going on at all times. And that is where the order to use close squads could have come from. But we had already assumed at the start that such a need would not arise. In any case, as I noted, this is an extreme measure which by its very nature leads to many serious consequences. The participants in the happenings on 1 and 19 June did not act aggressively, they listened to almost all the orders given, worked with us in keeping order and finally left peacefully.

[Question] It was strange sight indeed. A group of people in costume preceded and enclosed by militia patrols of a few people.

[Answer] That was on 1 June. The happening started about 4 p.m. in the Eastern Wall passage.

[Question] The participants were dressed in orange dwarf costumes, which one should perceive as a reference to the "Orange Alternative" from Wroclaw, which has been staging similar street performances for some time. They chanted slogans well known in the 40-year history of the PRL; they had bells, drums, banners and flags of official organizations. They also chanted, "More hoods, fewer uniforms."

[Answer] And you will admit that there were not many uniforms. There were not that many hoods either. After about 45 minutes of shouting and chanting, the whole group, preceded by a militia patrol, moved in the direction of the Saxon Garden near the fountain. It even managed to cross the intersection of Swietokrzyska and Marszalowska streets without paralyzing street traffic.

[Question] You started negotiations at the Saxon Garden.

[Answer] I was concerned that the crowd not get too close to the Tomb of the Unknown Soldier, because that is certainly not the proper place for that kind of amusement. Two dwarfs—the leaders—seemed to share my reasoning because they set up their own cordon to prevent participants and on-lookers from passing the fountain. After singing "The old bear is sleeping tight" for us, they politely went home. They proved to be so disciplined in any case that they took the dwarf hoods and other decorations off the sculptures and even picked up the litter that had been scattered around.

[Question] And you could finally go have your dinner.

[Answer] You are confusing the events. Dinner was discussed on 19 June at the Old Town. The dwarfs' performances began at about 1 p.m.

[Question] That time the dwarfs were dressed in white. Did you take this as a change in political orientation?

[Answer] The orange costumes obviously referred—as you have already said—to the happenings in Wroclaw. The Warsaw dwarfs acknowledged the need to be independent. They decided to be original—at least that is what I think.

[Question] But you have no further trouble with them?

[Answer] The dwarfs became independent and no longer were so ready to cooperate. They absolutely had to wander, etc. That is why I used a number of arguments in the negotiations, from the serious to the humorous, and I even said that it was time for me to have dinner. Because you see, all of this was supposed to be a game, but it was still possible to feel a certain tension. Besides, in such situations there is always the danger of some kind of provocation, panic in the crowd, etc. That is what I was afraid of.

[Question] Finally you suggested exchanging bear hugs and kisses to the main dwarf.

[Answer] Somehow it never got to that point. They wished me bon appetit and finally the whole crowd dispersed peacefully.

[Question] Were you invited to the next meeting?

[Answer] The dwarfs have gone off on vacation, I presume. The next meeting was not set. But I would like to get together with them because they promised me reprints of the pictures they took.

[Question] They cannot send them to you?

[Answer] I gave them the address of my unit and my name, but the pictures have not arrived. Besides, I would not want the dwarfs to incur expenses—reprints cost money. Anyway, they said that I can drop in at the Warsaw University Self-Management group where, I presume, some of the dwarfs operate.

[Question] Will you drop in with your friends?

[Answer] No, my friends were not invited.

12776

POLAND

People's Councils, Territorial Self-Rule Financing, Budget Discussed

26000384b Warsaw *ZYCIE GOSPODARCZE* in Polish
No 17, 24 Apr 88 pp 1, 6

[Interview with Prof Kazimierz Secomski, chairman of the Legal Commission of the Council of State, by Anna Wieczorkowska: "Self-Government and Efficient Management"]

[Text]

[Question] At a meeting on 7 April of this year, the Council of State adopted a draft of fundamental changes in the law on the system of people's councils and territorial self-government currently in effect, announcing their transmittal in the immediate future to the Sejm for consideration. What is the foundation for the main directions for these changes, their goals and tasks?

[Answer] First of all, we should point out the significance of processes, which in general have already occurred and continue to run their course in the municipal economy and in the operation of people's councils. After all, a long period of a markedly centralized system of operations of the local economy occurred under the previous, 1958 law (including subsequent amendments). Only the new law of 20 July 1983, systemic in nature (currently in effect), inaugurated the current 4-year period of a decentralized management system in the local economy and autonomous operations by people's councils. Their term under this important law ends in the middle of this year.

In the most general outline, pursuant to the focal concept of the economic reform, people's councils, within the framework of this law, secured a legal basis to become completely autonomous, to decentralize the implementation tasks, responsibilities and resources on a broad scale, to increase the scope of self-financing and to restore and develop the principle of self-government, with particular emphasis on the issues of territorial self-government.

[Question] What has been the reason, though, for the many critical evaluations and opinions concerning the operation of the councils?

[Answer] We should be mindful of the conditions and difficulties accompanying this radical reform in the system of operations of the councils, especially in managing and planning the communal economy. After all, a major turnaround in the way of thinking and work of the local agencies had to come about. Also, the cadres of council and self-government functionaries had to be restored; in the years of great centralization, their role and actual participation were reduced to a minimum. Finally, it was necessary on many occasions to learn from scratch bolder ways for autonomous decisions, initiatives and actions, while the local administrative

agencies were set in the old ways. This is why we should, with the above circumstances in view, truly appreciate the scale and significance of changes in the passing term of the councils and their accomplishments over 4 years for the cause of restoring autonomy and carrying it on, the background, to be sure, consisting of highly differentiated development conditions in individual townships, cities and provinces.

Many councils, including those holding honorary titles of "leaders in management," have managed to utilize to a large degree the increased powers and opportunities provided by the provisions of the new law. However, at the same time, the practice and the experience gained point to the need for a profound revision in the existing legal basis, as well as the reinforcement and stabilization of the financial resources (especially in the field of local budgets). This is how the prerequisites emerged for the second stage of improving the operational system of people's councils and broad-scale implementation of the principles of restored territorial self-government. Such specifically elaborated guidelines were set forth in the resolution of the 10th PZPR Congress, and subsequently in a more detailed form in the resolutions of the 7th PZPR plenum.

Many general directives for the second stage, as well as practical recommendations and conclusions, are contained in the special resolutions of the Sejm and the Council of State. In these resolutions, a comprehensive, synthetic evaluation of the development of the local economy and of meeting the needs of the populace (at the regional and local level) has been made. As a result of the above critical evaluations and studies, the tasks and recommendations were formulated for streamlining the operations of the councils, introducing the necessary legal changes and improving the conditions for the efficient operation of the local economy.

[Question] How do these determinations tie in with the second stage of implementing the economic reform?

[Answer] Upon the completion of preparatory work, the changes intended, including those in the entire body of legislation regulating the operation of people's councils, were considered by the Committee of the Council of Ministers for Implementing the Economic Reform. Subsequently, this was fully reflected in the planks of the "Implementation Program of the Second Stage of the Economic Reform" passed by the Sejm in February of this year, in its timetable of major actions and the schedule of the work planned.

In keeping with the above, we can make the general statement that the package of draft amended laws reflected in a comprehensive manner the determinations and bases for the second stage of the reform in the local economy, and especially the improvement in the work of the people's councils and territorial self-government itself.

[Question] What is the primary expression of these determinations?

[Answer] Guidelines for the entirety of suggested changes were the subject of a national social consultation (between 30 January and 1 March 1988). The preparation of the guidelines was preceded by the work over a long period of time by a special team nominated by the Council of State in coordination with the Council of Ministers. While the directions and the changes suggested were generally accepted as correct, the results of the consultation reaffirmed the need for profoundly enhancing the system of financing for the economy managed by people's councils, and especially for local budgets. Generally, it was stressed that, in the absence of a considerable augmentation of the financial base, including new sources of proceeds and their own budgetary income, the much needed progress in the autonomous operation of the councils and considerable improvement in the efficiency of their actions to develop their territories and meet the basic needs of the populace will not be possible.

The development—in the draft amended laws—of the power functions of the people's councils as local agencies of the state and the emphasis on the tasks and powers of the councils as the organs of territorial self-government and increasing their active involvement should be pointed out as the second chapter of basic changes. An actual pick-up in township and city self-government and local self-government of rural and subdivision populations has been particularly stressed; it is here that resourcefulness and initiatives, combined with resorting to volunteer work projects, should produce much better results than has been the case. This is the indication given by the work and dedication of the populace in road construction and land reclamation volunteer projects, and recently in school projects and local undertakings in environmental protection.

The proposed major decentralization measures involving a downward transfer of many responsibilities and tasks from the provincial level to the councils at the basic level are yet another direction of changes strongly emphasized in the course of the consultation. Of course, the assumption of these functions and duties by township and city councils should be accompanied, within the framework of coordination proceedings, by securing corresponding material, financial and organizational-cadre assets, including the allocation of necessary positions and wages.

The projected pronounced reinforcement of the systemic superiority of people's councils over the local agencies of state administration also is an important aspect of the intended reform in the operational system of people's councils. In this way, the requirement for social consultation will be expressed in the new arrangements: specific implementation of the processes of further democratization in the operation of the local economy, also in conjunction with the essential changes in the electoral

law for the people's councils already made. The above arrangements provide for the election and recall of the governor by provincial people's councils, with the election (for an indefinite term) being made from among the candidates nominated by the chairman of the Council of Ministers with the consent of the presidium of the provincial people's council. After all, along with his responsibilities as the executive and managing agency for the provincial people's council, the governor also is a representative of the government in a local jurisdiction. A governor is recalled at the request of the chairman of the Council of Ministers, made with the consent of the presidium of the provincial people's council, or at the request of the presidium itself, previously presented to the chairman of the Council of Ministers.

It is suggested to regulate the election and recall of mayors and supervisors in the basic level people's councils in the same manner, with establishing the identical input by the governor in this process. The conditions and procedures are precisely and specifically laid out for giving or refusing to give the governor (mayor or supervisor in councils of the basic level) the vote of acceptance following the consideration by the council of a report on fulfilling the annual plan and the local budget for a given year.

Finally, we should mention among the significant categories of intended changes a radical simplification of territorial planning, as soon as in the 1989 plan. In the subsequent period, other fundamental changes will be introduced, including primarily the integration of financial and economic planning, i.e. adopting a unified plan of financing the tasks of socio-economic development and territorial management, as well as ecology.

[Question] In the course of social consultation, the requirement of financial autonomy for the councils was emphasized the most. Could you elaborate on the expected results in this sphere, also in conjunction with the amendments in the budget law?

[Answer] Indeed, these issues stimulated the most interest locally and became the subject of a lively discussion. We should be mindful of the fact that in 1987 only 222 out of the 2,404 basic level councils, or merely about 9 percent, had local budgets fully covered by their own proceeds. An overwhelming majority of the councils receive general subsidies and a share of proceeds from central taxes.

Curing this situation calls for a longer period of time, given the current difficult condition of the central budget, that is to say, consistent support of the process of many changes in direction, which have already been decided.

Therefore, general subsidies and a share of proceeds from taxes on wages and on turnover will be retained as direct aid from the central budget. We will strive to set more objective criteria on which the amount of specific

subsidies are based annually (and in individual years of a given 5-year period). Aid of this kind will continue to be necessary in the future for agricultural-type provinces and for townships and cities without a duly developed economic, and particularly industrial, base, which ensures for these councils a higher volume of their own proceeds and budgetary income. It could be that in the future a fund for the activization of areas lagging in [economic] development will be introduced, as has been done in Yugoslavia.

As far as the list of additional proceeds of local budgets and special-purpose funds is concerned, the following are envisaged, among other things: the introduction of a tax on personal income in future years, all of which will go to local budgets; 5 to 10 percent of proceeds from the income tax on central state enterprises (for which a main or central organ of state administration is the parent agency); tax proceeds from enterprises (thus far central), to be transferred to provinces, for which the governor becomes the parent agency (to date, 360 enterprises out of the expected 1,500 have been transferred); tax proceeds from departments, branches or divisions of enterprises and other units of the socialized sector (including cooperatives), which draw up their own balance sheets, to be collected by the budgets of the provinces where a given branch or division is located (rather than, as has been the case, all proceeds being collected by the province where the head office of the enterprise or the unit of the socialized sector is located); proceeds from the newly set local fees and taxes.

Also, transfers of other proceeds and taxes from the provincial budget to those of the basic level councils will be introduced (this year, taxes on cooperatives).

The opportunity of securing two-year basic loans, within the framework of individual special-purpose funds, will also be a significant arrangement for the financial management of people's councils. If a given project may be finished in a given year—often with the contribution of volunteer work, whereas the special-purpose fund has already been allocated [for other projects]—then the opportunity will be provided to get a loan from the bank, to be repaid by the proceeds of the special-purpose fund in the following 2 years. Likewise, instead of subsidies, loans may be provided from the reserve fund which is at the disposal of people's councils.

The plans of proceeds and expenditures of every special-purpose local fund and reports on their fulfillment will be submitted by local agencies of state administration to the people's council for approval.

It is also expected that the township and city funds will serve only the purposes and tasks carried out by the local self-governments of the rural and subdivision populace. These funds cannot incur any other expenses. Also, an opportunity is envisaged to increase the proceeds benefitting these funds from both social sources and local

donations, as well as from the units of the socialized sector; this includes cities with a population of over 20,000 (in this case, to benefit the city fund).

The issue of participation by socialized enterprises in constructing, repairing and modernizing communal facilities, while enjoying certain forms of tax relief tied to the amount of payments made and services rendered, is under discussion.

[Question] What changes are expected in other laws, and especially in the constitution?

[Answer] Introducing into the constitution the notion of municipal property is to be a major change. The kinds and nature of this property will be outlined in a specific law, which will also set the guidelines for managing the property by the people's councils. This also entails the opportunity to transfer a corresponding share of the property to local public utility enterprises (a new type of communal enterprise, including water facilities, sewers, roads and urban transit, city gas plants and gas and central heating mains).

The introduction of special legal protection for councilmen, patterned after the immunity of the [Sejm] deputy, combined with setting forth the rights and duties of the councilman, is to be the other suggested change in the constitution. The immunity would mean that a councilman cannot be brought before justice or arrested without the consent of the presidium of the council of which he is a member, and between the sessions of the council—without the consent of its presidium. Cases of being caught red-handed while committing a crime would be an exception from the ban on arrests.

Granting to the people's councils the powers of corporate persons (the status of legal persons discussed in the course of the consultation) by the amended law on the system of councils will be of enormous significance (this, however, does not require amending the constitution). This means opening up a full array of opportunities for the councils to operate as autonomous subjects in economic relations and transactions under the civil law (including the receipt of bank loans, participation in companies and cooperatives and the functions envisaged for legal persons). This also gives many opportunities to the councils as the organs of territorial self-government.

[Question] What about other laws?

[Answer] Corresponding amendments will be made in the following laws: on budget legislation, on local fees and taxes, on the township and city funds, on the taxation of the units of the socialized sector, on the office of the minister of finance and treasury offices and chambers, on socio-economic planning, on land-use planning, on state enterprises and on the legislation on cooperatives. Due to the additions to the constitution, changes in the civil code will be required.

[Question] Indeed, this is a long list of legal acts in need of amendment.

[Answer] To be sure, the proposed changes in these acts are not extensive, but in combination they amount to a comprehensive and cohesive legal and systemic basis for opening a new stage in improving the system of operations of the people's councils in their capacity of local self-government organs as well. Only in this framework does the outline of the entire second stage of the reform in the local economy become complete.

By endowing the councils, as power and self-government organs, with these expanded opportunities for autonomous operations, also based on a reinforced and stable financial foundation, we may expect a marked improvement in the management by councils, complete responsibility for a greater efficacy of the sources of income and thrifty management, supported by the participation of the populace and invigorated volunteer work projects. Greater efficiency, the feeling of responsibility and the duty to be responsible, combined with greater funds and powers, should enable the councils to discharge in full the functions of genuine master of their jurisdiction.

9761

Academic Program To Review Problems of Product Quality

26000442a Warsaw ZYCIE GOSPODARCZE in Polish
No 21, 22 May 88 p 4

[Interview with Dr Henryk Chwialkowski, Institute of Commodity Science at the Academy of Economics in Krakow, by Anna Wieczorkowska]

[Text]

[Question] It is estimated that one-third of the products supplied to the market by industry are simply junk. You are secretary of a scientific research program, financed by the Ministry of Education, called "A System for Stimulating and Protecting the Quality of Market Products." Please tell us, therefore: Can, and to what degree, in a producer market, a scientific investigation of the causes for such a disastrous state of quality, have an influence on its improvement?

[Answer] I would like to say initially that the problem of the quality of market products for the first time in postwar history will be subjected to a penetrating scientific examination. The program is being coordinated by the Institute of Commodity Science at the Academy of Economics in Krakow. The work was begun 2 years ago and will be completed in 1990. Today we are scarcely at the halfway point. The main task of the program, which is being conducted in several score scientific centers, is to make the most thorough study possible of the causes for the steady drop in the quality of market products and to propose solutions which would bring about an improvement.

Among other things, we will make an examination of the standards which describe quality requirements and their adaptation to the needs of the consumers; the effect of know-how and technical, economic and social progress on the shaping of quality; the effectiveness of the present incentive systems on the quality of production; the institutional forms of influence on quality; the effect of factors in commodity turnovers; and finally—this is a very ambitious program—the influence that the State exerts in controlling the quality of products in enterprises.

It is true that the present market situation makes it very difficult to fully learn the causes of the critical state of product quality. This is not explained merely by the poorer quality of materials used, restrictions in the use of energy, or personnel problems. We believe that there are many more reasons and that they lie in the enterprise and outside of it. Often the reason is that the requirement standards were not sufficiently defined. What is worse, if these requirements were defined relatively accurately, the producers of the products were not always able to conduct complete studies in poorly-equipped control laboratories. They preferred to invest in production machines and equipment. Commerce, where quality acceptance of many market products is limited to sensory evaluation, does not require that such studies be made.

[Question] The senses of sight, smell, taste and touch can fail the quality control staff, particularly when the quality controllers' bonuses depend on the enterprise's profit-and-loss statement.

[Answer] It has been known for a long time that the quality-control staff should not report to management. Quality-control personnel should also be remunerated without regard to the enterprise's financial status. We often find now that the quality-control staff is looked upon as being the enemy, which must be fought. These units are treated like stepchildren insofar as supplying them with measurement-control equipment is concerned, and the range of authority of the specialists employed in these units is limited. These kinds of views must be combated, particularly when the market accepts goods and services which are not of suitable quality.

But of course, we are dealing most frequently with a situation in which the quality-control personnel in an enterprise do not make a complete quality evaluation. As a result, there is a tendency towards expansion of quality-acceptance personnel in trade.

But producers will not improve quality until trade stops selling shoddy goods and, in addition, gets hit in the pocketbook for accepting junk. That is why a system of financial incentives must be set up which will make it profitable for traders to enforce their demands that quality requirements be met. One of the subjects which makes up this program is an examination of the wage system in trade enterprises.

[Question] You are a commodity expert and you personally voice the view that when the market is imbalanced and there are shortages of materials, we cannot afford to produce high-quality goods. How do you explain this?

[Answer] I believe that under the present circumstances it would be difficult to expect production to be of top, world-class quality, if only because that kind of production requires import which not very many enterprises can afford. But those which cannot spend foreign currency should produce goods of at least average quality, honestly declared. [Question] Will the studies being made produce information on the geographical origin of the low-quality products?

[Answer] Yes, and we are especially interested in the monopolists, and among them primarily the suppliers of raw materials and subassemblies. It is a matter of general knowledge that monopolists deliberately supply materials or semifinished products which are of lower quality than they declare and, in addition, they stipulate that they will not honor any claims. Most buyers and coproducers go along with this unwritten law and do not submit claims in cases of below-standard raw materials. Instead, they struggle with it, spend money to improve it, or discard it, fully understanding the effects. That is why we propose that the system of state control be strongly directed at quality control of products produced by monopolists. Only a real market will bring about a situation in which a monopolist will not be able to blackmail an enterprise which depends on it for deliveries. Today we must at least compel producers to make an honest declaration of the quality of raw materials, supplies, subassemblies and parts. We intent to submit a proposal that quality control in trade, when it rejects a batch of goods, be required to report this to the remaining wholesalers.

[Question] It is hard to believe in the effectiveness of the influence of control on improving the quality of production when it does not pay to produce good-quality goods in industry, or reject defective goods in trade.

[Answer] In the "Program for the Implementation of the Second Stage of Economic Reform," in that part which pertains to price-income policy, it is clearly stated that the purpose of this policy is to bring about a state in which a commodity costs as much as it is really worth. I believe that this signifies that the "cost-price formula" will no longer be applied, which should begin to halt the disastrous decline of quality in production.

[Question] Right now we do not know how much a commodity is really worth.

[Answer] We must vigilantly enforce a compulsory, suitably documented quality declaration by a producer, which will show the real value and applicable price of that commodity. The organs which control producers' plans on price increases must call attention to this fact and reject those proposals which are not supported by a

suitably documented growth in quality level. That is why, and I emphasize this, an honest declaration by the producer of the quality of production is so important. This also stems from the commodity-science rule which says that only that product can be declared standard whose quality is fully described and presented in the producer's declaration, factory description, label, or other information intended for the purchaser. This declaration constitutes an integral part of the product, and only such an attachment authorizes the producer to assign the correct price for a standard product. Each item in a product lot without such a declaration or with an incomplete declaration, should be regarded as being substandard and belongs to a lower grade.

[Question] Perhaps a similar restriction should apply in the case of products made using substitute materials of lower quality than specified in technology or formula requirements.

[Answer] Consideration is also being given to possibly requiring that the producer's declaration contain an entry on the order of "lower-quality product," as a result of which it would be priced lower, but also with the stipulation that its purchaser cannot submit a claim if it turns out to be defective in use.

In proposing the inclusion of this kind of information in the text of the declaration, it is assumed that the possible purchaser—especially if the equipment to be purchased is high-priced—will consider the advisability of buying it, possibly decide not to do so, and look for a standard one. This may help to lessen demand for low-quality goods, with the result that the producer, interested in sales, will probably try to obtain standard components, which when used will qualify the products as standard, and sell them at full price.

We realize that for the average buyer to react as stated above, the label or the factory description attached to the individual items must contain the important information about their properties and be completely understandable to the average buyer.

[Question] Will we have to wait for the concrete, practical results of your studies until 1990, when the summary of the implementation of the entire "quality program" will be available?

[Answer] We plan to distribute information on the preliminary results of the studies, as well as certain proposals and ideas for solutions, as we go along, and suggest that they be put into practice. We are already sending some results of preliminary work to the Planning Commission, the Ministry of Industry, and to the Economic Reform Commission. When the central authorities are developing legal standards for the functioning of industry and trade, we would like them to consider our observations concerning everything which in economic practice favors the "shoddiness" of production. This is

very important, because in the second stage of reform, efforts will be made to greatly increase market production, and this cannot mean more products but worse products.

9295

Consumer Federation on Lack of Real Antimonopoly Decisions
26000442b Warsaw *ZYCIE GOSPODARCZE* in Polish
No 21, 22 May 88 p 2

[Article by Grazyna Smulska]

[Text] Consumers, economic activists, and monopolists themselves, define a monopoly differently. This was revealed during the recent meeting (held 6 May) of the Public Quality Forum sponsored by the National Council of the Consumer Federation.

In the opinion of the Consumer Federation (CF), as stated in the themes for discussion and the opening remarks made by Dr Franciszek Galka, CF vice-president, neither legislation nor economic policy protect the interests of the consumer at this time. The antimonopoly law, which was passed on 28 January 1987 and became effective on 1 January 1988, was directed exclusively at combating monopolistic practices (but not all) and on combating only a part of them by law, in a mandatory way. The others were left to the discretion of the antimonopoly organ. And economic policy, at least until now, has done more to strengthen monopolies than to combat them.

CF believes that under conditions of inflation and market imbalance, every enterprise which produces goods or services is able, without special effort, to take a monopoly position and apply such practices. When similar occurrences are evaluated, the criteria of share in production or sales become unreliable. All it takes is for there to be one shop or service center within a radius of a few kilometers—and after all, these are not isolated cases either in the countryside or in the new housing developments in large cities—and already we have a monopolist.

Even the best antimonopoly legislation is powerless in this situation unless it is supported by economic policy which favors the establishing of new enterprises capable of competing with the existing ones—let alone a legislation as imperfect as ours.

The antimonopoly law deals with four different practices forbidden by law. One of them is the imposition, "without justifiable cause," of onerous contract terms which give the economic unit unwarranted advantages or limit its responsibility for executing the contract. What is onerous and unwarranted is a subject for discussion. The minister of finance, as the antimonopoly organ, has the last word. But his verdicts, as of now, do not meet the public's expectations. The deterioration in

the quality of products and services, the substitution of worse products for better ones, the manufacture of ostensibly "new products," are the order of the day. The commercial enterprises on whom the stronger partners in industry impose "onerous contract terms," do not admit to this for fear of a boycott, or a refusal to sell to them, which is not considered to be a monopolistic practice. The same happens between coproducing production enterprises.

Also forbidden are "tie-in contracts," i.e., those in which signing of a contract is contingent upon the acceptance by the other party of additional conditions or the performance of certain services. But contracts which have already been completed cannot be declared invalid. Nor can the antimonopoly organ enter into the picture before such a contract is signed, at the bidding or ordering stage. All of this means that this provision of the law does not function. (And the result is the widespread foreign-currency-input coercion, despite the fact that this is illegal.)

Another prohibition pertains to exclusive contracts, those in which the weaker partner is required to buy, sell or enter into other contracts only with a specified economic unit. Despite this, many producers sell their products on condition that their repair or technical service be performed exclusively by themselves or by the enterprises they indicate. As a result, the consumer not only has to use the products, but also the services, of manufacturers who are often dishonest. Therefore, he is hit twice.

The last monopolistic practice forbidden by law is charging exorbitantly high prices. Which prices are exorbitantly high is discussed in the law on prices; but the limits are very wide and they can be exceeded by blaming growing manufacturing costs which the suppliers have no control over. In the opinion of CF, this gives the producers too much leeway.

The law also provides for another monopolistic practice, the forbiddance of which is discretionary. It is the creation of artificial shortages, leading to a rise in prices. The enterprise limits the amount of production (sales or procurement), despite the fact that it has enough supplies available to maintain production at the present level, has unutilized production capacity, and demand has not been met. If the enterprise also increases prices, sanctions are applied.

But frequently, as CF observes, it is content with a price lower than the balance price, thus establishing, with complete impunity, its domination over the buyer. In the opinion of CF, this "strategy of parochial optimum," should also be banned. The refusal to sell goods or services, unsubstantiated by a shortage of materials or processing capacity, should also be forbidden even when it does not lead to a price increase.

These monopolistic practices (CF intends to express itself separately on the subject of monopolistic agreements) should be combated by improving and more consistently observing the law, but primarily by promoting competition, not discriminating against new participants in the market, discontinuing state control and compulsory intermediation, breaking up and eliminating inefficient structures and enterprises. (The law, now being prepared, on undertaking economic activity, provides new hope in this area.)

But the rank of the antimonopoly organ must also be raised and his place in the hierarchy changed so as to enable him to effectively counteract the striving for concentration of organizations in the economy and the torpedoing of plans to change the structure of the final product. This organ, therefore, should have super-ministerial rank and function as a spokesman for civil rights.

As the representative of the monopolistic "Peasant Self-Help" said, no law will protect a consumer against an imbalanced market. The present law promises more than the economy can give. But this only deepens the public's frustration. On the other hand, everyone knows that it is not the monopolists who strive to maintain their position, but that they are forced to do so. There is only one shop in the village, not because "Peasant Self-Help" does not allow competition, but because no one wants to compete with it. In view of that, the reasoning can be reversed and it can be said that this one shop is really in the interests of the consumer.

The director of the Department for Combating Monopolistic Practices in the Ministry of Finance, Ryszard Jacyno, called attention to the fact that in our country we do not have monopolies in the classic sense. However, there is exclusivity or domination of certain producers, caused by market imbalance, incorrect structure of assets, organizational concentration, and legal privileges. (But for consumers this is not much to cheer about—G.S.). He also protested that the antimonopoly law is not a dead law, although he admitted that it does have many faults. But it will take time to take advantage of all that it offers.

In Jacyno's opinion, the antimonopoly law is too closely defined, was really written for today's conditions. It is only a palliative. It does not provide for the breaking-up of monopolies. (Could this mean that we have accepted the monopolization of the economy as a incurable illness?—G.S.). Nevertheless, it was envisaged that the consumer organization would be a great admirer of it...

Ryszard Cwiertnia, secretary of the Economic Reform Commission and adviser to deputy premier Zdzislaw Sadowski, pointed to the underlying structural reasons for economic imbalance, which could not be changed during the first stage of economic reform. (Earlier attempts at an economic maneuver and selective development were also unsuccessful.) Now conditions for economic compulsion have been created, consisting of

credit restrictions and other financial stringencies. Money does not have to be available for everything, and certainly not for the production of shoddy goods which consume large amounts of materials. This is now the only real path to structural changes, if the bank and the Ministry of Finance do not yield to the demands of the large enterprises.

The Consumer Federation has expressed itself twice to the Ministry of Finance against the big monopolists: Against POLMOZBYT (the price increase on automobiles on the last day of the year, which hurt the customers which bought their automobiles on a prepayment basis), and against PP Polish Post Office, Telephone and Telegraph. It has been waiting a couple of months already for a reply.

9295

PRON Report Claims Economic Imbalance Systemically Created

26000442c Warsaw ZYCIE GOSPODARCZE in Polish No 21, 22 May 88 p 11

[Text] Economic imbalance can be an element in development and progress if an effective self-regulating mechanism is functioning. However, the one that we are dealing with now in our country is a element of destruction. It manifests itself on the consumer market, the investment market, the producer-goods market, and the labor market, and it is accompanied by financial imbalance. As a result, economic mechanisms and categories such as prices, demand, supply, profit and costs become distorted, which undermines efficiency on the macro- and micro-economic scale, destroys incentive for efficient utilization of resources, and weakens the effectiveness of planning. Those are the most serious results of imbalance, as indicated in the report devoted to this problem, prepared by the PRON National Council Commission for Economic Reform and Policy.

The preliminary version of this report, prepared by a four-man team under the chairmanship of Prof Wladyslaw Szymanski, was discussed at a meeting of the commission on 12 May. This coincided with the date of the Sejm's meeting, at which the law on special powers and authorities for the Council of Ministers was passed. As we know, one of the most important premises of this special legal act was the prevention of the deepening imbalance in the economy. That is why, despite the fact that the initiative for the preparation of this report arose more than 6 months ago, it came out at the very moment that it was needed and turned out to be extremely current.

As underscored during the discussion, the last price-income operation did not bring the anticipated results. Although the size of the price increases exceeded the amount envisaged in the drastic variant, it was not possible even to achieve the goals of the mild variant.

Wages are becoming less and less of an incentive, the tendency to save is dropping dangerously, inflation is growing and the inflationary gap is widening, and stocks in commerce are shrinking. Despite the socially painful price-income adjustments each year, it has not been possible to achieve balance, reduce subsidies, and improve the structure of prices, income and wages. Nor has the state's financial condition improved and what is more, the rate of inflation has increased. The search for ways to achieve balance has therefore become the dramatic challenge of the moment.

Several such ways were indicated by the writers of the draft report which, it was said at the commission's meeting, may become (after a few editorial corrections) the most complete and comprehensive material thus far developed on this subject. Perhaps, then, we should right now, before the report takes on a final form, present a few of its more important themes.

Among the reasons for imbalance, the writers name the economic structure, created in the past 40 years, which shaped the arrangement of parochial forces in the socio-political sphere exerting an impact on economic policy. The reasons for imbalance lie in mistakes of economic policy, and also in the doctrine of exercising authority and the socioeconomic relations established on this base. The systemic reasons for the creation of imbalance also lie, according to the writers, in the passiveness of finances and the nonchalant attitude towards money, which is the consequence of the weakness of the bank in relation to the budget and the enterprises.

But the virtue of the report prepared by PRON is that it is not so much a diagnosis as it is an attempt to find ways to solve problems. Several courses of change have been proposed, with some serious reservations initially that from the standpoint reform, it is not a case of balancing the market with great effort at a given time, since balance cannot be an event of little importance. On the other hand, a mechanism should be created which functions constantly in its behalf, and whose activation is tied to a market mechanism. It is also important that the market be regarded integrally, and therefore not just as a commodity market, but also as a money and capital market. As was correctly observed, balance is both the cause and effect of economic efficiency.

The more important areas in which solutions should be sought include: A change in the outlay-intensive and inflation-producing structure of the economy; the creation of a mechanism which will function to balance the economy; and the search for funds which would replace the capital lost because of the long-term decrease in the national income divided due to repayment of our debt. Each of these alone requires deep examination, but each of them also promises considerable results.

But the writers of the draft assign a special role, we believe, to economic policy. It is economic policy which should replace certain functions of the market as we

strive to achieve balance. In the document areas are indicated in which allocation decisions can give important results without investment of money, e.g., in metallurgy, the cement industry, and the fuels-energy complex (anyway, the writers are not alone in their proposals, because similar ones have been made earlier among many groups concerned with imbalance).

A lot of space, both in the draft report and in the discussion, was devoted to critical comments on price-income policy, because, as underscored, the new price system envisaged in reform was supposed to help develop a market mechanism through a wide range of contractual prices, freely establishing themselves. But the policy implemented thus far makes it impossible for a new logic of functioning to develop because the annual price-income adjustments became its main mechanism. These improved balance only temporarily, and were usually followed by rigid prices and return to price controls. Meanwhile, releasing prices from the "care" of the administration without fear of activating an inflationary spiral could occur only if the state budget is balanced, a hard credit policy is instituted, the amount of compensation granted for price increases is reduced, and more action is taken to combat monopolies.

Attention is also called in the draft report to the social aspects of the search for ways to correct the imbalance in the economy, but as was announced, a separate, more extensive report will be devoted to these matters.

It is expected that in June the report on imbalance will be accepted by the commission and that it may possibly become an official PRON document, as did the earlier report on the application of reform.

9295

Minister Views Industrial Efficiency, Strikes, Sejm Powers
26000458c Warsaw *RZECZPOSPOLITA* in Polish
1-2 Jun 88 pp 1, 2

[Interview with J. Bilip, Minister of Industry, by Andrzej Dzierzanowski]

[Text]

[Question] Half a year has passed since the ministry was established. How are you and the personnel under you doing?

[Answer] Thank you. We are working just as intensively as in the beginning.

[Question] While waiting for this interview I witnessed the hiring of a new employee. I heard that he was born in 1953, is a lawyer, has completed graduate studies and has ten years' experience in administration. Not too young for a ministerial official?

[Answer] These are just the kind of people we need. The organization of the ministry has been completed. All departments are operating. There are still several positions open. We want them to be filled by young people, under 40 years old. Energetic, daring, who know how to think conceptually. They will support experienced employees superbly.

[Question] When the Ministry of Industry was established, there was no shortage of people who doubted its usefulness. Have the past six months dispelled those doubts?

[Answer] Certainly not with everyone. Recently we were visited by representatives of the Central Control and Inspection Commission. They had been in 28 provinces before that. They listened to various opinions about our ministry. At the end of their visit they said that the negative opinions about the need for the existence of the Ministry of Industry has not been borne out, nor did they expect that work would be begun on so many new problems in six months. This seems to speak eloquently about our reason for being and confirms the legitimacy of what we are doing.

[Question] Does it happen that enterprises ask you for help?

[Answer] More and more rarely, fortunately. Those who did not know or did not want to know what function the minister of industry has to fulfill appeared in that role. Just as in the past they rent their garments, talking about troubles and difficulties, stalemates. They counted on the minister reaching open-handedly into the cashbox, manipulating indicators and setting a crippled enterprise on its feet.

[Question] And what do you do about that?

[Answer] I set requirements for weak enterprises.

[Question] Only for them?

[Answer] The good ones know themselves what they are supposed to do and they do it. So there is nothing to require from them. Instead, we try to accommodate them, spare them inspections, everything to disrupt their work at little as possible. They do not even know the ministry exists.

[Question] How many of these good enterprises are there?

[Answer] One third, more or less.

[Question] Where does that determination come from?

[Answer] We are about to finish working out a computerized classification of enterprises for our internal needs. We are doing it according to a branch system because it is impossible to compare a linen shop with a foundry. All

enterprises in a given line of business, bigger and smaller, state and cooperative, are included in this classification. Having this picture, one has a view of the situation and can plan projects for the future, define industrial policy, as we were appointed and are obligated to do. We are not concerned with "Polkolor" but with the electronics industry, not with the steelworks in Ostrowiec but with the metals industry.

[Question] It is implied in current opinion that your ministry paid for the recent strikes at the Lenin foundry.

[Answer] That is not true. Last December, when there were neither strikes nor protests, we began to deal with wage problems in the metals industry. The day before the strike erupted—that was exactly how it happened—the matter of raises for foundry workers, including those from Nowa Huta, who were in the worst position anyway, had been finalized and coordinated with all those involved. So the notion that the foundry workers got raises—from the coffers of the Ministry of Industry at that—because of the strike is wrong. There are documents to confirm this.

Neither I nor any of my colleagues are involved in the affairs of individuals, regardless of whether they relate to wages or something else. For we have neither the influence nor the capability to settle them. We are even trying to influence other ministers not to take on issues related to individual enterprises. In any case, we are in conflict on these opinions.

[Question] With whom?

[Answer] The Ministry of Finance for one. Enterprise spokesmen are constantly trying to cajole some sort of relief for themselves. And sometimes they find sympathy. This produces consequences that are very far removed from those we are hoping for. In many cases it lead to equalization of earnings. Everyone has them equally, but that, after all is not the point, because equally means it is not worth exerting oneself.

[Question] In assuming this office you had your own concept of implementing industrial policy. On what is it based?

[Answer] To put it briefly, I feel that first of all we must reach for what we have, exploit the capabilities of our economy, do everything to manage existing reserves which, contrary to appearances, are not small. Our current investment expenditures must be allocated precisely to this. Our economy is not in a position to raise new, costly investments—mines, power plants, foundries and so on.

[Question] Yet one hears the call for coal, steel and energy from all sides.

[Answer] The only rational solution is frugal management of these resources and materials. Indeed, our systemic solutions are heading in this direction. In order to meet the needs of construction, we do not intend to invest in new foundries, but in improving the quality of steel. Instead of 10-millimeter bars, for example, we should provide 6-millimeter ones, but with greater durability. In power production, undertakings that improve the efficiency of boilers, equipment and machines will be developed. Instead of investing in increasing coal extraction, we will concentrate on making it better. This is much cheaper and the results are almost the same. Power plants will be expanded. In cement production, we are changing technologies from wet to a more economical one—dry. We are also considering whether it makes sense to export cement. After all, we are selling coal and energy abroad. Are coal and energy not worth more than the benefits from exporting cement?

[Question] But one must have incentives for frugality.

[Answer] The first ones are already there. Municipal transportation is an example. For a kilogram of fuel saved, the driver receives a bonus corresponding to the price of one and a half kilograms. One can see the results of this. Drivers are driving more gently, watching out for control of the engines. On a broad scale, we intend to mobilize production of meters for consumption of gas and hot water, and regulators installed on radiators that allow for setting a desired temperature. When it comes time to pay for every cubic meter of gas or hot water, people will begin to think and economize. That is the case all over the world. We will also not begrudge funds for disseminating good, tested economizing alternatives, both in industry and in residential households.

[Question] The government has received from the Sejm extraordinary authority that is to accelerate reform of the economy. What is there in this for the ministry of industry?

[Answer] In the prepared program of 80 issues the government has decided to resolve first, several have fallen to us. Among them is the problem of fuels, which is also related to the announced introduction of commercial gasoline prices. We have carried out evaluations of enterprise directors.

[Question] I have heard opinions that this is not an evaluation but a campaign against directors.

[Answer] Such opinions have reached me too. They are no doubt being preached by those who treat directors' chairs as comfortable jobs producing rather good profits. According to our determination, 15 percent of heads of enterprises should no longer hold their positions. They work poorly and live in the present without thinking of the enterprise's future. They do not feel like introducing anything new because that requires activity, risk and effort. They have good arrangements within the plant and outside. That is enough for them—not for us.

Thanks to the extraordinary powers, we have a chance to get at these people who are indolent, reluctant, who repeat constantly that nothing can be done. Their appointment to these essentially responsible positions in industries was simply a misunderstanding.

In my opinion, the law on powers for the government is simply crucial if we are to institute reform consistently. Indeed, the decisions made require enormous responsibility, from me as well. I realize that. But it is necessary to be responsible for everything that is done. This will not occur without much turmoil and trouble for the plants. But those are the costs that one usually incurs on such occasions.

[Question] Does this also apply to the Gdansk shipyard?

[Answer] The Ministry of Finance and the Polish National Bank has refused to give further credit for the shipyard's operations. Our experts are examining not just the situation of the shipyard but also that of the entire ship building industry. For the time being, the shipyard is working normally. It is too soon to talk about ultimate solutions. They will come down in a month at the soonest. I can say this much—that they will take into consideration not only the interests of the shipyard and its employees but above all the interests of the entire economy.

[Question] After that digression, let us go back again to the extraordinary powers. Do you have other proposals—as regards instituting reform—besides those you mentioned?

[Answer] In our opinion, three issues must be considered. First, the wage system for directorial staff—from the minister to the director. Masters are decidedly poorly paid. They have to be the organizers of production. The functional premium they receive now—2,000 to 3,000 zloty—is not enough of an incentive to take on themselves a host of problems and responsibility for the crew above all. Premiums have to be much higher. A master's wage must set him apart from the employees. Functional premiums should also have a broad range, according to us, from two to seven times the lowest wages. Then people will start competing for master positions. It will be a promotion, not a favor on the part of those who now agree to take on this function. Because it is hard to demand a lot from people for too little money.

Another matter is revitalizing production. In a situation where the market is unbalanced, the best off are those who continually produce the same thing, most often old garbage. In electronics, which renews its products every three years in the leading countries, there are sub-assembly factories where this indicator is at 1 percent. The complete process of renewal would take 100 years.

[Question] What is the solution?

[Answer] A fiscal one, for instance. We want to separate products into three categories. Producers of the most modern ones would be exempt from taxation, at the average level, they would pay at current rates. Producers of obsolescence, on the other hand, must be hit with taxes so high they would not be in a position to pay them. Simply, they must be condemned to modernity.

Finally, generally speaking, the proportions of production. An example: in 1980 a factory produced a million units of some item and had 5,000 employees. Now, eight years later, it manufactures only 300,000 units. In the meantime, admittedly, the number of employees has dropped 20 percent, but production has fallen to one-third. Amazingly, the factory still exists and is faring well; it hasn't gone bankrupt. This peaceful existence was arranged by manipulating prices and exploiting other methods. I feel that as long as there is inflation like there is now, which the authors of reform probably did not foresee, economic laws will not function properly and we must reach for administrative measures, blocking the possibility of decreasing the proportions of production. Of course, immediately voices will resound—not enough people. No, there are not enough, but there are not enough in the West either. We have to reach to automation and develop technique and technology. Indeed, this is natural restructurization of industry. Many enterprises here are doing this. They have fewer employees but are increasing production.

[Question] When will these plans become effective?

[Answer] When they win government acceptance, next year. The first step has already been made in the direction we are heading. By a decision of the Council of Ministers, enterprises can take advantage of all reductions by virtue of exports only when they supply to the domestic market as many articles as they did last year. One cannot accept what our furniture factories, for example, are doing. They have increased export production significantly, as the expense of our stores, which are half empty. Export is supposed to serve the growth of enterprises and this growth should mean that there is enough furniture to satisfy domestic and foreign demand.

[Question] But television sets are closer to your heart. When will there be an abundance of them in the stores?

[Answer] Yes, the whole of electronics is closer to me personally. It is my hobby, for which I do not have much time. Thanks to electronics, with which I associated my entire professional life, I became a minister. It is impossible to cut myself off from those emotions in half a year. I have attempted to show in our conversation how the Ministry of Industry works, that we work systemically, creating conditions for the development of enterprises, lines of business and industry. But systemic work has this quality—that before the solutions adopted within its limits begin to function, some time must go by—a year, two, three. We are not waiting with folded hands. We

have chosen seven problems where improvement is necessary and can occur quickly through temporary actions. Soon there will be more personal hygiene items, calcium fertilizers and the televisions you asked about too. This year about 100,000 more. But these temporary measures are not based on intervening and helping one enterprise. For example, we have defined precisely what must be done in order to increase production of calcium fertilizers. We will do everything consistently so that agriculture has those fertilizers. And it will have them!

[Question] That sounds optimistic.

[Answer] The point is now how it sounds but results.

[Question] How is the minister getting along?

[Answer] No better or worse than thousands of people in Poland. My monthly salary is 86,000 zloty. My wife does not work. My two sons have their own families. I have been living for several years in my own section of a development in Wlochy. I drive a Lada privately, a Polonez on business, often by myself, without a driver, because I like to drive cars. I have irregular working hours. Usually I am at the ministry at 8 in the morning. I finish late in the evening. I work intensively but I try to have Sundays free. In April I was on vacation for several days.

[Question] Thank you for the interview.

12776

'Two-Track' Path to Economic Reform Includes Sejm's Special Powers

26000461f Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 3

[Text] Three weeks ago reporters asked me whether the executive instruments for extraordinary government powers and authority would so absorb the Council of Ministers that it would not have time for normal legislative activity paving the way for reform. I answered that these are unfounded fears. Now I have the proof in my hands: the draft of the reform "constitution" adopted by the government a few days ago—the law on undertaking economic activity.

Dr Jerzy Malkowski, spokesman for reform and the author of the foregoing words, used another comparison at a press conference on 1 June: two roads lead to reform of the economy—the wider one, through normal legislative action, and the narrower one—to be exploited when there is a log jam on the wide road—through extraordinary powers for the government. We are taking the first road and the second. In order to reach our goal more quickly.

Why is the draft bill on undertaking economic activity, which will soon be submitted to legislative work in the Sejm, called a constitution for the new economic order in

our country? Because it severs many current ties that hinder initiative. It is the fulfillment of the well-known statement by Premier Messner, that everything that is not prohibited by law will be permitted.

According to the draft bill, in an overwhelming majority of cases, registration with the local government body will be sufficient to undertake economic activity. The areas where obtaining a license is required have been carefully defined. All economic entities are equal. Efficiency of management will determine their value.

The question of whether we are not on the road to reprivatization of the economy may be warranted, admitted Dr. Makowski. Of course we are not; economic activity, although greatly simplified, will still take place within the limits of the socialist economy and will be regulated by socialist legislation. The new law, on the other hand, is to contribute to improving the efficiency of the economy within the existing system.

During the conference, two executive instruments from the "narrow path" were discussed—orders issued in connection with extraordinary government powers. The capacity to carry out a division or bankruptcy of inefficient enterprises has been accelerated and a stabilizing tax on plants that do not use their production strength adequately has been introduced.

The economic reform spokesman said that both orders are aimed at the weakest enterprises, those whose activity is unprofitable from the public standpoint.

12776

Few Enterprises Implementing Organizational Structure Surveys

26000458a Warsaw TRYBUNA LUDU in Polish
3 Jun 88 p 1

[Article By Andrzej Leszczynski: "Work Position Verification: Opportunities and Thresholds"]

[Text] Work position verification and review of organizational structures in enterprises was begun two years ago. But for the time being it is hard to see the progress in this area as exemplary.

Information prepared by provincial commissions on organizational structure review, ministerial surveys and results of surveys by the Supreme Chamber of Control offer a view of the situation in 615 enterprises. It is a sample that makes more general conclusions possible. The report on this basis by the Party-Government Commission on Review and Modernization of Organizational Structures in the Economy and State is telling.

The fact that in 25 percent of the enterprises surveyed reviews have not been implemented or have been limited only to formal initiation must be alarming. In only 35 percent of the enterprises has review entered the phase of

implementing action, with an average of over half of the work positions verified. The results in a moment. We would also add that in 40 percent of the enterprises, review is in the stage of preparatory work or experimental verification.

The Results

Naturally, one can discuss results where preliminary work has been struggled through. In the worker positions group, the review shows 3 percent of positions to be eliminated (2,300 superfluous positions of 90,000 verified). In the non-worker positions group, it was 7 percent (1,800 of 23,000 verified). This would confirm opinions about the bureaucratization of the economy and inflated plant administration.

Work is also being done on simplifying organizational systems. But the results are meager. In 242 (of 615 enterprises surveyed), 75 deputy director positions, 350 organizational units and 720 directorial positions were eliminated. As was stated in the report, "These results can hardly be seen as a trend toward inhibiting previously existing expansion of structures."

But in addition, on the basis of estimates made, action to achieve concrete results has been undertaken in only 40 percent of the enterprises. Under the influence of political pressure in the rest. The results achieved by enterprises are becoming ever more differentiated.

Seeking a Diagnosis

There can no longer be an doubt that verification methods can be an effective tool for obtaining a diagnosis of the organizational condition of enterprises. Of course, the diagnosis will be more complete and credible if the review and verification are undertaken with an internal understanding of their purpose. And this is not the case everywhere. This method produces results when it is really applied in practice. And this also varies, as the report confirms.

So how to encourage this kind of organizational self-study based on expert analysis. The Polish National Bank tied acceptance of programs to reorganize enterprises to the results of review and position verification. It is concerned that similar limitations be applied in examining proposals to liquidate outstanding taxes, price verification, etc. Because one can talk about privileges when the enterprise has exhausted its available possibilities. Organizational progress should be contingent on the economic situation of the enterprise and its personnel.

12776

Jaruzelski, Enterprise Conference Participants View Barriers to Reform
26000459 Warsaw *RZECZPOSPOLITA* in Polish
6 Jun 88 pp 1, 7

[Text] A meeting Saturday [4 June] between PZPR Central Committee First Secretary Wojciech Jaruzelski and the directors of 41 enterprises from all over the country last more than eight hours. Among the other participants were Politburo members Premier Zbigniew Messner and Central Committee Secretary Marian Wozniak.

The invitation was addressed to the directors of those plants that managed most effectively—from the standpoint of their own enterprise's interests and the interests of the general public—to apply the mechanisms of reform in practice, using them to obtain the best economic results on a national scale. But their experiences were not only positive. There is a batch of problems they encounter every day that hinder rapid forward progress and more efficient growth. These problems were the main topic of the conference. Its purpose was to answer the question of how to overcome disturbing economic occurrences whose consequences are borne not only by the enterprises but by all of society as well. The goal was also for government representatives to obtain opinions from practitioners on how to use extraordinary powers to protect reform and accelerate its progress most effectively and in accordance with public expectations.

Following is a report on this direct, hours-long exchange of experiences as recorded by PAP journalists who were present at the discussion.

Director Marek Ogrodzki ("Omig" Radio Sub-Assembly Plant in Warsaw) emphasized that of the goals he set for the plant and financial self-sufficiency, those that have been attained are foreign currency self-sufficiency and personnel management in a way that molds a feeling of the employee's usefulness to the firm. The director acknowledged that in modern fields like electronics, export is becoming the most important thing. It opens the window to the world and creates new technologies. Among the points raised by director Ogrodzki was a proposal on the possibility of free administration of the enterprise's own money, without the need to invest it in specified funds. One interesting initiative which the enterprise and its director presented was a suggestion that he be able to administer the firm's state property on the basis of civil law entity rules. This would be a kind of agency on a large scale. What is needed—in the director's opinion—is a margin for experimentation in the economy and enrichment of forms of management.

Wojciech Jaruzelski asked the participants to enumerate this systemic regulators that do not permit them to develop their activity fully, especially in areas that

release efficiency in management. He also asked about the main barriers that hinder full exploitation of intellectual potential, especially among engineering personnel.

In director Ogrodzki's opinion, one barrier to more flexible wage policy in the "Omig" Radio Sub-Assembly Plant is the threshold formula for taxation on above-standard compensation payments, which hinders opportunities for wage differentiation created by work valuation.

Referring to part of director Ogrodzki's statement on possible administration of state property on the basis of civil law agreements and other issues he raised, Wojciech Jaruzelski stressed that in instances justified by efficiency, one must have the courage to remove limitations, even given a certain risk.

Director Tadeusz Bulinski ("Fambud" Construction Machine Factory in Szczecin) said that his enterprise has extricated itself from major financial difficulties. But he emphasized that the current tax system hinders further economic expansion. He spoke in favor of stabilizing the tax system, in particular for avoiding discretionary reductions in taxation. Selectively applied reduction, he said, produce major moral losses, especially in plant that genuinely conform to system requirements. They put the labor market out of order.

Several timely point also turned up in the statement by director Eugeniusz Nowak ("Diora" Radio Works in Dzierzoniow). He referred to the decision made within the limits of extraordinary government powers and authority, whereby decreasing the volume of goods supplied to the domestic market (compared to 1987) would cause a loss of the right to reductions in the tax on above-plan growth in remunerations. In plants where keeping pace with technical and technological progress has major significance, where long term programs for mechanization of production and entering the foreign market have been worked out, this rule may prompt holding on to traditional technologies.

Premier Messner and Deputy Premier Zbigniew Szalajda argued against direct Nowak's position, emphasizing the importance of market production and the need to counteract the danger of "washing out" the domestic market through exports. It was agreed, however, that it would be possible and necessary to make the granting of reductions contingent not only on the quantity of goods supplied to the market, but also on supplied goods calculated qualitatively, in fixed prices, of course. Director Nowak also referred to the present banking system. He stressed that the bank continue to be "distributors" of credit limits and operate with little flexibility, which hampers restructurization of the economy, especially growth in the most efficient areas. He also spoke in favor of developing the capital market, saying that too little has been done in this field as well.

Wojciech Jaruzelski then referred to the draft bill on undertaking economic activity. He asked the directors how, in light of this legislation, they see the problem of competitiveness on the part of the private and cooperative sector, since state enterprises operate under somewhat different conditions, offering their employees (through their self-management and union bodies) a greater feeling of social security. But this security has its price, which may manifest itself under conditions of greater competitiveness.

Another issue raised by the Central Committee first secretary was the status of directors and their earnings, which should be appropriate to the degree of responsibility and effort, and particularly to their professional abilities and the results of their management. The point is also to differentiate directors' earnings in relation to the size of the enterprises they head and their importance to the economy.

Włodzimierz Sławuta, director of Katowice's "Hydrobudowa-Słask 1" enterprise, called attention to a number of barriers to enterprise activity, i.e., in the form of the complicated and "repressive" taxation system. In spite of this, he said, his enterprise has been able to find itself in reform and because of it has solved certain basic problems, mainly personnel and wage problems. This has occurred due to the introduction of group forms of work organization and consistent employment policy. The agency, as it is popularly called at "Hydrobudowa," has brought about a radical, "grass roots" verification of work positions in its two years of operation. The groups' broad decision-making freedom, including the choice of means of production (if it pays, the crews rent equipment from another enterprise by the hour), affects the efficiency of their work and the level of their earnings. The reserve list of those wanting to be employed in the enterprise shows that such work and wages are competitive. In evaluating the effects of this system, director Sławuta emphasized the change in atmosphere among employees. Complaints about management and low wages have been eliminated because wages depend mainly on the group—and demands brought by group leaders to management have also increased. But this system offers more satisfaction to management and a certain comfort to administration. Also noteworthy is the fact that salaries for management personnel are almost twice as high as the average wage of workers, which follows from the natural processes taking place in the enterprise.

Andrzej Skomra, president of the "Przystan" Clothing Cooperative in Skiernewice, also talked about inconsistencies in systemic solutions. Even though the cooperative is achieving better results than other cooperatives in the province, its financial situation is experiencing relative—in comparison to previous years—deterioration. Admittedly, the scope of self-financing has been expanded, but inflationary processes and customer commitments have "eaten" the surplus achieved. In this way, said the president, the cooperative has found itself in an

almost critical situation, although there are no classical symptoms of crisis in the form of a decrease in production, for example. A. Skomra stressed the need to introduce a market model of reform. In this regard, he proposed conducting an experiment in a selected province whereby the activities of economic units would be based on market mechanisms, including, for example, establishment of a commercial bank and consistent application of prices set by the laws of supply and demand.

Director Stanisław Drozdowski ("Belchatow" Bituminous Coal Mine) presented the problems of enterprises that do not take advantage of foreign currency deductions but are obligated to sell their products at official prices. Most cooperating enterprises now require a foreign currency fee not only for furnishing products that require involvement of foreign payment funds, but also for renovating machinery, for example. In light of the significant increase in contractual prices, enterprises selling at official prices have found themselves in a more difficult position than others. Z. Drozdowski also mentioned decisions to decrease investment expenditures in bituminous coal mines. In acknowledging them as proper, he also stressed that they came too late, after contracts with producers had been signed and the mine had placed its orders.

The issue of inconsistency in the rules and procedure for controlling prices by treasury departments was raised by the director of the "Romet" Bicycle Plant in Bydgoszcz, Henryk Mackiewicz. In his opinion, control is concentrated mainly on the prices of market items. Cooperating enterprises are controlled to a lesser degree. Therefore the costs of production among producers of final products are increased and their profits decreased. H. Mackiewicz also presented effective means, tested in his plant, of solving supply problems through associating on a cooperative basis with foreign enterprises. He announced the manufacture of a new kind of motorbike with advanced technological and utilization features.

Stanisław Ozimek, director of the Warski Shipyard in Szczecin, described the situation of the enterprises that exports almost all of its products and is both an investor and producer. He said that in order to assess the profitability of exports in the shipbuilding industry, it is crucial to take into consideration the fact that resale tax is included in the prices of cooperative products that determine the cost of building ships. The shipyard is also obligated to share tax reductions gained from exports on above-plan increases in remunerations. Currently cooperating enterprises demand these reductions, calculating them not according to the transactional prices at which the shipyard sell ships but according to current prices. This places the shipyard in a difficult financial situation. The system of granting credit also creates problems. Building ships is a major investment whose cycle often last three years. Payment occurs after completion of construction. Thus the credit system should take this specific situation into consideration.

In the opinion of director Jan Obrzut ("Zamech" Mechanical Works in Elblag) proper introduction of the program for implementation of the second stage of reform at the enterprise level is the main condition for its success. J. Obrzut viewed as inappropriate the dissemination of information about a 60 percent increase in wages. For this kind of increase, he said, directors will be penalized. At the same time this information has intensified wage pressures. The director also stipulated that the instrumentation of economic plans be prepared well in advance. Directors, he said, cannot learn about instruments for implementing their plans in the second quarter or halfway through the year. He proposed more rapid decision making as regards the rate of foreign currency deductions, especially for producers of highly processed products.

Pawel Flens, director of the "Tepro" Vacuum Technology Works in Koszalin, referred to the implementation of an unconventional principle of reform—equal rights for all economic entities. The lack of this principle means that the results of management will still not determine entirely the financial situation of enterprises. He also raised the issue of appropriate compensation for managerial and engineering personnel. He proposed further expansion of the system of engineering specialization and the financial benefits associated with it. The director discussed issues of technological development. Because an enterprise cannot always make the fullest use of its resources for purchasing machines, he said, it is worth considering the possibility of participating in the development of their production in exchange for the right to priority in purchasing them.

A plant will function as the mechanisms of reform permit, said Jerzy Szczesniak, director of "Perun" Welding Equipment Factory in Warsaw. In the so-called first stage, there was no consistency in their use. Hence results were less than expectations. The director was critical of the anticipated introduction of a universal income tax. According to him, it would mean fulfillment of the slogan equalize downward, and will not be conducive to releasing initiative and enterprise. He suggested certain alternatives for a closer bond between employees and the workplace and closer ties between economic partners; he felt that the fate of a declining enterprise should be of concern to its customers and that they should take part in the recovery process.

Bogdan Derwich, director of the Pomeranian Shipfitting Works in Torun reflected on methods for increase employee self-accountability. A certain number of employees, he said, do not associate their future with the workplace. This is evidenced by the competition for the third group disability pension, whose rate is not high but which is a good starting point for supplementing one's income with part time work. This issue has been discussed in his enterprise and as a means of increasing interest in work, the introduction of a form of group ownership (of the agency type) was announced. The

director described the particular terms of this concept, based on the payment by volunteer employees of a deposit that is forfeited if economic regulations are violated.

Kazimierz Kozera, chairman of the board of the Fund for Structural Change in Industry offered remarks on its activities. He noted that the fund was established to finance the growth and modernization of industrial enterprises. Numerous ways of spending the funds were anticipated, from loans and subsidies to the possibility of taking part in a partnership or stock repurchase. Yet, said K. Kozera, of 200 applications filed, 120 of them asked for subsidies. According to him, this is evidence of the old, inappropriate way of thinking by enterprise directors—give it to us and we will do something. But as experience teaches, granting subsidies is money that comes easily and is easily spent—without calculating its effectiveness.

Janusz Lyszczarz, director of the Copper Foundry in Legnica, called for regulating the labor market and social affairs. I feel, he said, that an employee has too much freedom in making a decision on choosing his place of work, everyone wants to leave it or compete for work abroad, and so on. He is protected by law and—not always in a rational way—by the labor unions. It is time to decide, he said, on introducing a new labor code that would regulate these matters according to the requirements of the second stage of reform. Director Lyszczarz also raised a point about another use of funds collected from fines for damage to the natural environment. According to him, these funds should be returned to the enterprise that paid the fines, which could help it quickly remove the causes of ecological damage.

Anatol Sakowicz, director of the "Mikrama" Special Low Power Electric Machine Enterprise in Wrzesnia, talked about several aspects of work in the second stage of reform. Last year he conducted an analysis of the effectiveness of enterprise's organizational structure. Although it proved to be favorable, it was decided to modernize it. The implemented changes are marked by greater concentration of authority and a change in operating structure. The number of organizational units was decreased, including those of managerial personnel, while leaving the same responsibilities in place. After just a few months of work under the new structure, significant economic results have been achieved. The routine duties of management personnel were also limited and one can see a trend toward bold, innovative actions. The number of conflicts among employees has also decreased.

Director Andrzej Kuchniewski ("Fasty" Cotton Industry Works in Bialystok) saw as one of the basic conditions for proper operation of enterprises a lack of conflict between management and self-management bodies and unions. He also emphasized that the formulas for taxation of wages, which have been changing too often, create

a situation where plants that are more disciplined in this area find themselves in a worse situation than those who do not abide by this discipline.

In the opinion of director Leszek Ludwiczak (Korsze State Farm in Olsztyn), the economic success of enterprises depends mainly on competent management personnel, on appropriate solutions not only to problems of production but also to the social problems of employees.

Director Feliks Luczak (Lodz Furniture Factory) returned to the matter of foreign currency fees, viewing a solution to this problem as one of the key issues in our economy today. He proposed introducing a ban on the export of raw materials that can be processed in and exported from Poland as a component of the final product for a much higher price. He saw as necessary a determination of the maximum rates cooperative enterprises can demand as so-called foreign currency fees. They should also be obligated, in director Luczak's opinion, to refund overpayments in this regard along with paying their equivalent in zloty to the state budget. He also mentioned the current formula for the individual tax on above-plan increases in compensation, saying it has weakened the incentive wage system. Like other directors, he proposed limiting so-called target funds, pointing out that calculating payments to certain of these funds in costs obscures the evaluation of efficiency.

Director Adam Parys ("Predom-Zelmer" Mechanized Household Appliance Works in Rzeszow) discussed the plan worked out in his plant which over four years should bring complete satisfaction of market needs in mechanized household appliances. He also raised the issue of packaging, which is currently a barrier in increasing exports.

The Lenin Foundry in Krakow is now operating normally and orders are current, said director Eugeniusz Pustowka. He also talked about the need for better foreign currency reinforcement of ventures associated with technological development. Often, in his opinion, the lack of relatively small amount of money hinders the achievement of economic benefits by way of the introduction of new technologies.

Several detailed economic issues were raised by Ryszard Kapusta, director of the Steel Foundry Plant. He said there is a need for a critical evaluation of the operation of employee self-management. The plant has been receiving worker council resolutions passed in other enterprises that indicate a departure from economic issues toward political ones. Respect for law must also be required most consistently among the "rank and file," he emphasized and greater respect for its rules on the part of the authorities will help in this.

Andrzej Musielak, director of the "Elwro" Electronics Works in Wroclaw, called for the stabilization of economic relationships.

According to him, extraordinary government powers should be taken as a kind of defeat of rules that have been changed before they have been verified. The director discussed forms of cooperation with entities in the enterprise, especially the employee council. Relations between us, he said, are good, because they are based on mutual respect and uncompromising abidance by the rules of law and authority. A. Musielak also presented the compensation system used at "Elwro" for engineering, technical and managerial personnel, based on so-called rectifying coefficients in relation to the average wage of a mechanic. This system has tested and has been accepted by employees.

Rajmund Rauer, director of the Electro-Mechanical Works in Bielsko-Bialy raised the issue of low collective work productivity. One cannot demand greater work discipline on the basis of one enterprise, but on the joint action of the enterprises of an entire region and labor unions and the application of other alternatives in the labor code. But now, he said, there is no climate for demanding greater work discipline. He also noted the need for stabilizing good systemic solutions and not succumbing to pressure to change them hastily.

Discussing common supplies in construction from the example of the Ostrow General Construction Enterprise was its director, Andrzej Jaron. There is a shortage of building materials and equipment. This means that in construction there is permanent improvisation instead of good work organization. One solution to this situation may be deciding to provide financial relief to producers of building materials, but on a much broader scale than recently adopted and with more radical solutions. The director said that he cannot answer how the course of technological development looks based on construction. The enterprise pays significant amounts to the Central Development Fund but has not been receiving new technical or technological solutions.

Wojciech Jaruzelski noted that the organizational model for research institutes has changed. According to assumptions, they should now be more interested in selling their studies, and industry more interested in purchasing them. But why is this not the case? Does the second stage of reform not generate a new situation at this point?

Responding to this issue was director Eugeniusz Nowak of the "Diora" radio plant in Dzierzniow. In his opinion, the reason for inadequate translation of scientific achievements into practice is the means of financing and ineffective control over funds designated for central research programs, executed by research institutions that have no direct organization ties to industry.

Responding to questions and uncertainties and arguing with certain points were the following government representatives: Deputy Premier Szalajda, Finance Minister Bazyli Samojlik, Minister of Industry Jerzy Bilip, Minister of Labor and Social Policy Ireneusz Sekula and the

first deputy secretary of the Planning Commission Franciszek Kubiczek. They emphasized that many planned solutions prepared by the government, including those found in the plan for implementation of the second stage of reform, are correspond in direction to conclusions and experience. This includes the system of taxation, with a limitation of the scope of target funds, especially financial funds, in cost accounts. One difficult problem is more effective regulation of the connections between work results and wages. An issue of basic importance is the method of spreading the market mechanism throughout the economy. One cannot act too hastily, without reckoning with social consequences. Achieving balance, and thus the introduction of strictly market mechanisms, should be consistent but weighed. Government representatives talked about increasing the pool of foreign currency funds for currency auctions, which should replace the current common requirements for so-called foreign currency fees to some extent, creating another means of obtaining foreign currency. Also discussed were amendments to rules for compensating directors and systemic changes relating directors' bonuses to the economic results of enterprises. The need to fortify the director's rank in the enterprise was stressed. Conceptual preparations have begun to amend the labor code and should take the director's status into account.

Wojciech Jaruzelski, who responded to the issues raised immediately, also spoke during the final discussion.

He valued highly the efficiency of operation of the plants headed by the participants in the directors' meeting. He viewed as especially valuable the comments and practical advice of the participants, from which it was apparent how to increase productivity, improve product quality, introduce new technology and decrease consumption of materials and fuels under existing conditions of market imbalance.

In discussing the need for closer cooperation between management and self-management units, labor unions and plant party organizations, he stressed that responsibility for complete initiation of economic reform in accordance with the goals of the general public rests mainly with directors.

Thanking them for their active discussion on difficult issues, the Central Committee first secretary asked them to pass on to their employees his wishes for efficient, well organized work, consistent implementation of the terms of reform and health and personal success.

12776

Economist Attacks Premises of Planned Economy System

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No 24, 12 Jun 88 pp 7-10

[Interview with Prof. Andrzej Zawislak, director, Chair of Management Systems, University of Warsaw, by Piotr Aleksandrowicz]

[Text]

[Question] Have you not come to the conclusion that the causes of Polish failures are more profound than is

generally believed? Issues from the borderline of economics, politics, philosophy and ideology occupy increasingly more space in your publications.

[Answer] From the beginning of the 1980s, the word "crisis" has been used so frequently that nobody stumbles on it any more, whereas I still do. Why is there a crisis in a system which was supposed exactly to overcome the elements through the order of the plan? Thus, a confrontation with reality necessitates reconsidering the most fundamental issues. It is all the more so because in our discussions we restrict ourselves to repeating the obvious statements—that prices should be parametric prices, that currency should be currency etc. This is like a surgeon repeating: colleagues, you've got to wash your hands before surgery or like an engineer saying: colleagues, this is "*perpetuum mobile*" [perpetual motion], and we do not do that.

[Question] In your considerations, you say that the scourges of the planned system are the unavoidable consequence of its systemic principles. This means that neither "the national shortcomings" nor "the inefficiency of authorities," or all [the notions] used to explain the failures, were of major significance.

[Answer] Correct. We can document this statement in two ways. In the practical dimension, it would suffice to compare basic economic indicators for the last 50 years. For example, let us look closely at the statistics of economic achievements in Poland, France, Spain and Italy. It will turn out that, from the point of view of the average consumer, we note a considerable retrogression in our country. Then let us compare the statistics describing the economies of North Korea and South Korea, of the FRG and the GDR, of Austria and Czechoslovakia, which before the war was one of 10 most developed countries of the world. The result will be the same. In turn, in the intellectual dimension it must be established whether or not this had to be that way, whether or not the planned economy indeed has to be unwieldy, failing to serve to consumer, wasteful and not receptive to innovation. This would require a whole book, which I am working on now. However, everyone can see the obvious. As briefly as possible, under the planned system all three behaviors of a person—as a producer, consumer and citizen—are less efficient than under the market economy system.

[Question] However, the planned system was thought up and accepted by people. This is not a vagary of philosophers which has by chance lingered on until now.

[Answer] The concept of order in a planned society is based on the eternal longing of the mankind for justice and security. We can read about it in the Bible, the Vedas, the writings of Lao Tse. However, in the 19th century the harbingers of social reconstruction set forth their views in an intellectual environment completely

dominated by the Newtonian paradigm of the world. Equating value with worktime paralleled the equality of action and reaction. Equally unshakeable dependencies were found between "relations of production," "productive forces," and "mode of production" as between "force," "mass" and "acceleration." Logically, it was recognized that only the elimination of private property and the market will make possible "taming the elements," "planned management of society," "elimination of exploitation" and, consequently, prosperity. Meanwhile, Newton was overthrown in physical sciences a short while later. Chance, probability, entropy, organization, equilibrium etc. became the key notions. Later, in the 1960s, the paramount ability of systems to self-organize was discovered and documented, sort of right in front of us. The latest achievements of physics and chemistry indicate that order may be preserved in a system by enabling it to fluctuate spontaneously. This is a much more certain way than interfering with the system. The same thing is happening in the social sphere. Any natural system has a much greater ability to self-organize than was believed before. However, proponents of the planned system do not want to notice such facts in the sphere of social sciences, politics, philosophy, ideology and economics, and cling to the 19th-century fantasies.

[Question] However, it is in the human nature to want to and to be able to plan.

[Answer] Yes, but the excessive conceit of mankind assumes that we may fashion any matter according to our intellectual model. Practice shows that this is not necessarily the case. Our actions often produce consequences completely different than what we planned. When we plan social behaviors and proceed to implement the plans, then the phenomenon mentioned early by Mannheim occurs, mainly that the range of our impact is greater than the range of our ability to predict.

[Question] There was a lot of planned order in the economic development of South Korea and Japan as well.

[Answer] Indeed, but nowhere was property called into question. The scope of undertakings within the framework of planned order was and is controlled by property; it does not allow the authorities to go too far. Property is not only the foundation of freedom, but it also bolsters the attitude of civic loyalty and readiness to make sacrifices for the state. The politicians from the time of the November [1830] uprising who called for endowing peasants with property were addressing this very aspect. In turn, when property goes away, horror begins.

[Question] The example is certainly correct, but peculiar and sort of too dated.

[Answer] As it were, there is no peculiarity here. Regardless of time, in ancient Rome during the time of the emergence of land estates, or in the 18th-century

England during the period of "enclosures," or, finally, during the Soviet collectivization of agriculture—the result has always been the same: the loss of property has always transformed a civic community into a politically passive subject of manipulation by the authorities. I am convinced that the negation of property is exactly the primary cause of our failures.

[Question] However, in Western nations we also see an enormous mass of hired employees who are not owners.

[Answer] Therefore, I do not at all idealize the system there, which has considerable drawbacks. Nonetheless, millions of small shareholders have economic power, at least in part. Moreover, the opportunity is still there to start both the small service and production companies, of which hundreds of thousands are set up in the USA, Italy or the FRG every year, and mighty enterprises. These examples do not only affect the consciousness, but also drive the social machine.

[Question] You make property the absolute.

[Answer] No, but I do believe that its existence is of paramount importance and maintain that if we begin to tinker with certain institutions of civilization which the mankind has created, then it ends in a disaster. For example, let us try tinkering with such an institution as the family, proceeding from the very numerous and correct observations that there are families which are performing abysmally. We will come to Orwell and Huxley. The marxism of the 19th century began to tinker in this manner with the institution of property. It was said that property is the cause of tremendous degeneration—which is also true—so it needs to be eliminated and a new society needs to be designed without property. This dogma has not been renounced until now, despite disastrous consequences.

[Question] In one of your articles, you stated that moral, economic and legal norms affect the behavior of the person.

[Answer] Yes. In plain language, we are talking about feelings, prices and regulations.

[Question] Would you be able to demonstrate that, under the planned order with property absent, the results and efficiency of human actions are smaller in every one of these spheres?

[Answer] Lon L. Fuller has shown very precisely the conditions under which a person is inclined to comply with legal and moral norms promoting efficient operation. Not one is met in our system. Voluntary acceptance of a particular norm is the first issue. The scope of voluntary action and voluntary choice in the economy is incredibly restricted in our country compared to the market economy. The contract is signed between the person and a very peculiar entity—an institution which

has no autonomy, but merely expresses the will of central authorities. No wonder that a person does not feel obligated to fulfill the contract, having "settled" with an anonymous entity.

Secondly, there is the equality of mutual exchange. Within the framework of the market system, the price set in relations between equivalent parties is the equilibrium price. In our country, there are no equilibrium prices or equivalent positions of the buyer and the seller. The experience confirms the thesis by Hayek that the less market there is, the less rule of law. In addition, the less the market applies in the distribution of goods, the lower the efficiency is. This can be proven and calculated theoretically.

Thirdly, there should be the convertibility of roles. In the planned order economy, in the absence of property, the person is always an employee. In a market economy, the changeability of roles is considerably greater. The employee always ponders whether 2 or 3 years down the road he would get the inheritance left by aunt Mary or get a loan, set up his own business and become an entrepreneur instead of an employee. I witnessed a conversation at a shop not far from Philadelphia. The owner upbraided an employee and said: "George, would you like to have a do-nothing like this in your own shop?" This was his most important argument. These three determinants bring about the relationship of a person with the market system based on private property being different—the individual is inclined to accept codified legal regulations applicable within the framework of the system, employee ethic is higher, discipline is greater. Moreover, if the norms are not complied with, then the reinforcement and setting of new norms comes naturally. This explains why the planned systems are so bureaucratized. On the other hand, in the capitalist economy we have to deal with a tremendous number of systemic principles which altogether impose rationality on you. This mechanism is described superbly in the joke about two people who have to share a chunk of sausage. How are they to do it so that both will be happy? Well, along the simple principle: I carve it, you choose [which one].

[Question] Wouldn't you say that the size of organization for which the people work is more important than property?

[Answer] Undoubtedly, the size is also important. However, in Japanese corporations, for example, the employees have managed to get integrated as much as a small two-men company. Also, look at the cure they are trying to use in large Western companies—property yet again. Sometimes they sell shares even by force, in order to make the employee a co-owner.

[Question] This is an issue of individual incentives rather than property.

[Answer] Property is the strongest incentive. However, other motivating factors are also essential. Putting it tersely, the governments of countries to the east of the Elbe cannot provide incentives to work, which follows from the accepted systemic principles. In addition to property, two principles are of key importance: equality and access to jobs. We lose billions in pursuit of equality. Recently, a friend of mine from the United States sold a large plant in Morocco. He has a permanent commission of 1.2 percent, and he is now buying a villa in Switzerland with that money. A deal is working out for him, and his lifestyle is changing. Can you imagine a situation like that in our country? The economic norm of equality is inherently associated with the planned system in the absence of property. This undermines the economics of it. Let us see what the ratio of wages of worker and director is in Poland. This suffices—we've got no guns. Meanwhile, almost everything depends on directors.

[Question] It follows from the above that it is enough to just design a remuneration system for the management cadres, and the economy will be off like a shot.

[Answer] No, there are no simple solutions to complicated problems. This is a necessary but insufficient condition. In the West every employee is motivated with an incredible strength by the fact of having a job. As long as he has it, his situation is very good regardless of the position; when he loses it, his situation is disastrous. Under the planned system, both of these norms are called into question—there is no incentive due to the threat of unemployment and no incentive due to extraordinary profits to managers. The worker only wins if he switches jobs, and the director is general cannot make good money.

[Question] What about moral norms, or feelings? Why don't they bring about efficient actions under the planned system?

[Answer] Because the person has been deceived many times. "In the first reading," the order of a planned society appears to be something that deserves to have a chapel built in its honor. Rationality, the tamed market element, certainty, freedom from the ups and downs of property etc. In the heroic period, when there were many ideological proponents of such an order, calls of the managing planner, through appeals, met with a positive response. After a string of disappointments, appealing to conscience and ideological values ceases to produce results.

[Question] This positive social response did come in cases when the planned system has proven itself. Once again, we have the examples of South Korea or Japan.

[Answer] Indeed. However, the positive effect occurred due to the planned aspect being forcefully restricted by property. Planning also exists in highly developed countries where the market order dominates, but it is subordinated to market signals. Besides, nobody is thinking about planning on a scale practiced in Eastern Europe.

[Question] Let us assume this reasoning is correct. In such an event, can a system exist in which property is still negated, but market exists?

[Answer] This would be an inefficient arrangement. Under the planned system devoid of individual property, decision-makers are practically not responsible for the consequences of their decisions. There is a Roman principle that the scope of powers should correspond to the scope of responsibility. However, this principle is violated when an official rather than an owner handles the economy.

[Question] If the market will determine the efficiency of management, then employee behaviors should also be rational. They will strive to maximize the profit whether they are owners or not.

[Answer] Not necessarily. For the owner of an enterprise, wages are one of the costs, and his desire to minimize this position of outlays is understandable. For the employee, the wage is his income, and he will try to maximize it. A contradiction emerges. Due to many considerations, the employee in the planned system resolves it on the basis of short-term interests, the wages are raised, and his enterprise stops being competitive, does not develop, and so on.

[Question] Undoubtedly, the private owner is more interested in profit, because it determines his individual income. However, he as well could eat it away.

[Answer] And go bankrupt in a year, which is much easier in a market economy. When the employees became aware of that, the pressure for eating away the profit subsided greatly. An iron mill worker in Pittsburgh, an Italian employee, a French or British worker at present behave differently than 50 or 10 years ago, and the number of significant social conflicts has dropped considerably. Over there, most of the populace shares Churchill's view that inequality in wealth is better than equality in poverty.

[Question] You disparage the planned system, but on the other hand you are also aware of the painful consequences of the market system. Therefore, it might be said that society faces the choice of a lesser evil.

[Answer] Indeed so. I do not know myself what I would prefer if I had to make a choice. I know, though, that there are tradeoffs. There is no ideal system. Everything that is created by man carries an element of imperfection. Voltaire noticed in his time that man is doomed to live either in the lethargy of boredom or in the convulsions of anxiety. And yet, under the planned system we unfortunately live in the lethargy of... anxiety over whether or not we will get bathroom tissue. In the sphere of social sciences, we have gotten used to practically everything being possible that the mind can invent and that is intellectually consistent. Meanwhile, in this field, the same as in physics, there are untraversable barriers.

If I design an economic system in which the decision-maker will not be held responsible for his decisions in an absolutely inexorable and painful way, then it is known that his decisions will be made lightheartedly. If I design a system where the same person is supposed to restrict and increase his income, it will end in schizophrenia. This is why the introduction of the market without changes in the forms of ownership will not change the situation fundamentally. Financial interest liberated from the rigors imposed on it by the institution of property always manifests itself in a degenerative form, that is to say through waste, thievery, wasteful management of resources and disregard for the future.

9761

Internal Processes, Reform Itself Responsible for High Inflation

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[Interview with Grzegorz W. Kolodko, Docent Dr Hab in economic sciences at Chair of Economic Planning and Statistics, and adviser to president of National Bank of Poland, by Jerzy Sieradzinski]

[Text]

[Question] You dedicated your book, "Poland in the World of Inflation," to your daughter, saying, "To Julia and all children, so that when they grow up, they will not have wait on lines and pay too much." Does our generation no longer have this chance?

[Answer] When I wrote that book, my older daughter was three years old; now she is six, and unfortunately I must say that in this second half of her life, prices have doubled again with a vengeance, and the degree of difficulty in buying goods is no less than it was then.

Her generation and mine will still have to buy at higher prices than now. In a certain sense, that is inevitable. Yet the scope of price increases that awaits us in the future is conditioned upon the tempo and direction of structural changes, crucial modifications in the economic and financial system and executed economic policy, as well as external factors.

The first part of my wish is harder to carry out: "so that they would not have to wait on lines." Both Polish inflation and inflation in general in countries with a centrally planned economy are marked by the fact that goods get more expensive and at the same time are hard to obtain. On the surface this seems paradoxical. In reality that is precisely how it is.

In summary, I would say this: as a citizen I would like this inflation to be controlled and conquered in both its forms—price and availability (the shortage of goods that compels putting money aside). I am extremely interested in doing this as soon as possible. As a scientist, an

academic employee and advisor to the president of the Polish National Bank, I have had some experience with the anti-inflation program prepared in recent years in Poland and other socialist countries and I can see that they have not been implemented to a satisfactory degree. I am thinking, for instance, of the government program to counteract inflation, which was worked out five years ago, and the recent, year-old "Program to fortify money."

[Question] In writing about inflation, you stress that it has a global nature, that is has become "a sign of our times." With the existing differences in economic systems, with basic differences in the level of development of production forces in individual states or groups of countries, why have inflationary phenomena taken on common characteristics, including rich and poor countries today?

The Price of Adaptation

[Answer] Today there is not only a intensified flow of ideas, people and material goods, but of capital and money as well. In the past, the socialist economy was isolated from the world economy—because of its minimal share in world trade and its system of non-convertible currency, among other things—but its isolation was never total. So to some extent, inflationary processes in market economies had to affect us too.

Inflationary processes expanded on a large scale at the beginning of the 1980s. In the West they occurred along with unemployment and this was given the name "stagflation." A rigorous struggle also began then between the developed North and the lagging South. Given the circulation of paper money and the diminished role of gold, inflation indeed became an additional means to divide manufactured wealth on an international scale as well.

The sources and the very mechanism of inflation in the capitalist economy is only partially similar to that which applies to us in socialist countries. In my opinion, inflation in socialist countries, especially our Poland, is mainly a consequence of internal processes and events, not external ones. Even though there certainly exists the phenomenon—and I wrote about this in my book—of international transfer of inflation. One could even point out the directions and intensity of its flow.

[Question] It has been said that the increase in prices of raw materials puts us and other socialist countries in a favorable situation compared to developed Western countries—major consumers of raw materials. Thus, we can even come out ahead with inflation.

[Answer] Methodologically this would not be false reasoning. If, for example, what we sell (export) increases in price on world markets faster than what we have to buy (import), if the so-called terms of trade are favorable to a given country, then one can even come out ahead with

such inflation. From this point of view, looking at the past several years, we can see numerous periods, but generally speaking, they are not favorable to us. This confirms the argument that inflation in Poland is inspired and brought in from the outside only to a certain extent.

In capitalism, "stagflation" is the price of necessary structural adaptation to changing economic conditions. For example, the era of very cheap raw materials has passed, which does not mean that they will not get cheaper some day, but their prices will never return to those of 15 or 20 years ago.

It is similar in socialist countries. The model of a centrally administered economy with passive utilization of money has not proved out and one can no longer maintain the clearly faulty price structure. In addition, we have an inflation producing structure of production which is expressed in the fact that the supply of consumer goods does not increase as fast as the stream of money flowing into the market because of the large share of the production segment of the means of production. This stems from the excessive share of the economy of such traditional branches of industry as steel and mining. So it is necessary to incur the costs of profound structural modifications. This is accomplished as a result of price changes, among other things, and the can change practically in only one direction—upward.

In highly developed capitalist countries, gaining control of inflationary processes lasted a very long time. It took from 15 to 20 years. Yet today double digit inflation is unheard of there. Here the scale of these phenomena is completely different but they also developed later.

Polish Inflation

[Question] So what is the characteristic that distinguishes our Polish inflation and why is it so hard to stop it?

[Answer] Actually current inflation has no specifically Polish characteristic. Its distinguishing trait is mainly the high degree of intensity of all the elements that produce it and the scale and scope of these processes.

So first, the very inflationary structure of the national economy. I have already talked about this.

Second, our reform itself contains inflationary elements. And here I must offer an important correction to the point I made in my book. I wrote that reform merely makes inflation real, makes inflation manifest itself. Today I say—because the experiences of recent years prove it—that reform has an inflationary quality, just like the reforms being carried out currently in all socialist countries. At least in their present phase. In a report I presented at the last Economists' Congress in Krakow, I tried to justify the opinion that these reforms—having a pro-market orientation and occurring as a result of the

structural margin of demand over supply—must inevitably set in motion certain adjustment processes in the area of prices and, as a result, inflation. This opinion has been acknowledged more extensively lately, in Soviet literature as well.

Third, I say that this arises from economic policy which, in my opinion, is carried out here on an inflationary course. With the economy's inflationary structural conditions and the inflationary character of reform, as we have already said, a decisively anti-inflationary economic policy is all the more necessary to prevent and counteract the automatic action of this process.

Finally, the fourth, very important reason—the enormous burden of foreign debts on the Polish economy. This ballast is drawing us strongly into the depths of inflation. It limits the structural field of strategy, impoverishes the market, creates additional internal demand, etc.

[Question] So generally you are looking for the sources of our inflation not only in certain past processes, but you also perceive them in the present.

[Answer] That is exactly how I see it. If one reads carefully what our Hungarian comrades said about the results of their reform at their party conference, anyone could easily find many words of criticism and self-criticism by the government as regards the rate of inflation and the means of solving those adjustment problems in their economy. Yet here, for example, the entire game with purchase prices, with income parity between the cities and villages, is nothing more than an attempt to solve certain burgeoning structural contradictions through a policy on inflation.

Does one blame the past or the present for this? There must be continuity and consistent action in anti-inflationary policy. One cannot explain everything with the past. Even though the economy indeed assumed an unfavorable structure that arose in the 1950s, even though it is also the result of faulty policy of the 1970s, even though it is paying for the anarchy of 1980-81, the current inflation is caused mainly by mistakes in economic policy in recent years.

Besides Yugoslavia, we have the highest rate of inflation in Europe. It is one of the highest rates of inflation among moderately developed countries in the modern world. On the other hand, we also have one of the highest levels of shortages in Poland. So we have very high inflation in both forms—price and availability. In my opinion, this only confirms the argument that economies with pro-market reforms must endure a certain phase of inflation.

[Question] But does this price have to be as high as it is in Poland?

[Answer] I say no. Socialism, in my opinion, must pay a certain inevitable price for the process of systemic reforms and structural adjustments to the challenges of today. It must pay it in the form of price and availability inflation. Capitalism has paid and still pays this price in the form of price inflation along with unemployment, e.g., the aforementioned stagflation.

The Role of Money

[Question] Exactly one year ago, the president of the Polish National Bank, Wladyslaw Baka, presented the "Program to fortify money" worked out by his experts. It provided for gradual limitation of the rate of decline in the zloty's purchasing power and curbing inflation by 13 percent this year. Was the program too optimistic or has its implementation proved to be inconsistent and in what main elements?

[Answer] Indeed, the program was a certain expression of optimism. But I do not think that it was excessive optimism. I would say though that it was a very tough but realistic program. I feel it did not produce results because it simply was not executed. Especially in such a key area as price and income policy, which has already shown its limitations, weakness and faults. The unrest of recent weeks [the May 1988 strikes] proves this. Like many others, the Consultative Economic Council, for instance, I warned that the so-called price-income operation might not produce anticipated results, but can cause further tightening of the inflationary spiral. And that is what happened. To put it more precisely, the program was executed selectively and fragmentarily. And such programs can either be carried in their entirety and as a composite or rejected. They cannot be divided and cut out according to needs because then they lose their meaning.

The "Program to fortify money" contains 21 points. And what is the point of executing 18 of them if three were not implemented?

I feel that on two major points—the pro-supply reorientation of the economy and in price and income policy—results were not achieved. This does not mean that actions and efforts were not undertaken or marked by even the best intentions. Politicians always have the best intentions. But results are what counts. They have real political and social power.

Discussing fortification of money today, when it has depreciated by several more percentage points, makes no sense, in my opinion. This is a totally different situation than it was when the program was prepared. Applying those provisions now would be impossible. A completely new program would have to emerge, one that corresponds to new realities. A decisively more radical program.

[Question] Did you believe then that it would be possible to limit inflation to 13 percent in 1988. If so, on what did you base your opinion?

[Answer] I believed and I think that was realistic. Would it have hindered achieving certain strategic goals and made implementation of our economic reform impossible? I do not think there were any major conflicts here. With an inflation rate of a dozen percent or so, the state of market imbalance would be maintained at more or less the level we have now. The structure of prices and wages would not be worse and the relative range of subsidies would not be greater. But inflation would be incomparably lower! The tragedy of the situation lies in the fact that after several years of a declining inflation rate (1983, 1984 and 1985), there came years the years of a rising rate.

Today one cannot talk at all about "fortifying money," since the Polish zloty for the next several years is doomed to further weakening, a decline in purchasing power and exchange power in relation to the currency of other countries. One of our saving alternatives in this situation is fortifying the role of money. Hence progressive monetarization of the economy expressed in the notion that the significance of the goods and money category in it must be much greater.

So we are talking about an anti-inflationary program and fortification of the role of money. Because that was essentially the nature and purpose of this program. But two concepts of price and income policy clashed. One contained in this document and the other arising out of the terms of the inflationary game. They cannot be reconciled. One of them had to be rejected. The second was chosen.

[Question] You have presented yourself in this interview as a solid opponent of the so-called inflationary game. But there are countries that in the past managed to use inflation as a kind of trampoline, to facilitate a long leap forward in their economies. To what is this tactic connected?

[Answer] Indeed, one can play on inflation. It is accepted that a moderate rate in the range of 3 to 4 percent contributes to economic growth and also makes the economic mechanism and structures more flexible. But we do not know when quantity begins to turn into quality or inflation to threaten growth of the economy.

Our inflation is causing an uncontrolled secondary division of national income, separating the compensation of enterprise employees from their actual work contribution. This is turning up in the well known charges that wages have risen more in other enterprises than in ours. We want an increase of 20,000 zloty. Yet no one says that we have increased our production by so much and that is why we expect an increase in wages proportional to that.

[Question] Is there any good side to inflation in our Polish situation?

[Answer] In my opinion, the belief that there are such good sides is the source of certain errors in our economic policy. Some people feel that inflation can solve our difficult structural problems in the economy. We do not know, for example, how to formulate the proportions of productivity and wages—let inflation do it. We do not fully understand how to bring order to prices—let the market under inflationary conditions do it. So we are trying to use inflation to solve some very serious problems that are actually facing our economy. Above all, there is the strong belief—among some professionals, theoreticians and economists as well as a significant part of the public—that one can use inflation to balance the national economy, the market.

This is true to a certain point. But only to a certain point. And this illusion is born of a natural human longing: "let the government clean this up once, but correctly." Unfortunately, one cannot achieve balance in the economy by the "once but correctly" method. One can only do something "once" incorrectly. Everything has to be a process. That is why it is such a pity that several years have been wasted.

From all of this, as soon as possible, we must draw constructive conclusions that are useful to economic policy and the government, which should create this policy and steer it consistently. Then the future of our reform will be more certain too.

[Question] Thank you for the interview.

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Polemic on Coal Excavation Costs, Energy Alternatives

26000478b Katowice GOSC NIEDZIELNY in Polish
No 22, 29 May 88 pp 1, 5

[Article by Franciszek Szpor: "The Gleanings of a Discussion"]

[Text] There is some conspiracy or collusion, or at any rate suspect unanimity in setting upon the Polish coal mining, which in the nearest future threatens an energy disaster, similar in its actual manifestations to what goes on in Romania in winter. And this is why TRYBUNA ROBOTNICZA of Katowice has been resisting "the conspirators" since late January based on the above working thesis. To this end, it initiated a series of publications, inaugurated by the transcript of a discussion among specialists associated with the mining industry. After all, as the editors stated in the introduction, the words of criticism levelled at the fuel and energy complex coming from various opinion-forming groups are getting increasingly louder and resolute. Since these groups are not affiliated with the extractive industry, their representatives were given the floor. In principle,

this was correct, but somehow incomplete. After all, a strange question was asked from the very beginning and made into the heading for the entire series: "Instead of Coal, What?" This is strange because, firstly, in serious statements critical of the fuel and energy complex nobody (not even the enthusiasts of the nuclear power industry) has written off coal as the main energy carrier in the Polish economy now and for some time to come. Secondly, even if such a question were put sensibly, then still the extractive industry people will not be the ones to answer it sensibly. How on earth are they to know what is to be used instead of coal? Their business is coal, and not the thing [to be used] instead. Thus, the rhetorical question in the title has become an ornament placed above the defense of mining, the defense which leads to further economic ruin—this is what the perusal of publications in the series suggested to me.

It so happened—unexpectedly, I admit—that in this forceful defense a discordant voice came through, we might say that of one of the "conspirators," the economic journalist Stanislaw Albinowski, whom the editors invited to make a statement. However, they saw it necessary to supply his text with a disclaimer to the effect that they do not share all of his views and opinions.

It became clear later that the editors share the views only of the people from the industry. What were Albinowski's views? Here they are, by necessity in brief: further increments in hard coal output run into the investment and ecological barriers, whereas making coal, "the single crop," the foundation of the energy economy, itself runs into an economic barriers. An extensive coal-based strategy will not save us from the energy collapse anyhow, which is why we need a fundamental turnaround in streamlining coal mining and energy consumption. To be sure, energy saving is also expensive, but per unit of energy it costs 2 to 3 times less than the cost of increment in its procurement would be, and the results are achieved faster. We should not build new mines, but rather ensure the maintenance of output at the current level by intensifying production in the deposits already mined, which is less expensive than construction. Acknowledging the exclusivity and irreplaceability of coal as our main export means reconciling ourselves with the impossibility of overcoming the export indolence of our economy. These are—again, in brief—the views of Albinowski.

They drew an almost immediate repartee entitled "Obstinacy and Ignorance," the author of which, Andrzej Mazurek, was introduced as an engineer for studies and research at the GBSiPG [Main Bureau for Mining Industry Studies and Designs]. While serious, the charges of obstinacy and ignorance and of speaking heresy, which he put in strong terms and levelled at "the obsessed journalists taking shots at the so-called coal lobby at any opportunity," are unfortunately undocumented. Moreover, the author displays some ignorance by asking Albinowski what the "transfer" of energy from certain industries to other industries, suggested by the latter author, means and what "the well-known logistical

methods" are. He also does not know—because he asks about them ironically—what cumulative accounting and the calculation of the overall cost of coal production are. Under such circumstances, I would have doubts about the GBSiPG studies and designs. It may be that such ignorance by Mr. A. Mazurek reveals the greatest weakness of our extractive industry.

In order to enlighten the obstinate and obsessed journalists, who are rushing to make the Polish economy healthier, Andrzej Mazurek shows at length how, among other things, the coal industry of the EEC countries is supported (subsidized) in various direct and indirect ways. This is correct and interesting. However, it will suggest nothing until respective statistics describing the status of Polish coal, calculated and expressed in the same way, may be written on the same table. In his conclusions, Andrzej Mazurek wrote almost sacred words: "There must be the one who wants to sell, the one who wants to buy, and profit from the transaction. There is no room in trade for being ashamed." That's just it, our profit on exported coal is becoming more and more problematical, and this is also what all those "obsessed and obstinate" journalists are after. If, as the author of polemics with the views of Albinowski assumes, secretary general of the CPSU is not ashamed that the USSR exports gas and oil, the President of the USA that his country exports coal, nor the king of Sweden on account of iron ore, this is so because they have a certain, rather than problematical, profit from this. At any rate, there is no proof to the contrary in Andrzej Mazurek's article. Meanwhile, our coal, while bringing in the immediately payable hard currency, at the same time devours with growing appetite the opportunity for a fundamental economic turnaround. This is also commonly pointed out by economic journalists. I won't mention how Silesia itself pays for this paradox.

The discussion in TRYBUNA [ROBOTNICZA] on coal and the power industry indeed had a chance; it could have been significant because it involved an important issue. Alas, whether by the intent of the editorial board or due to some other factors, Albinowski was the only one "from the outside," while the statements by the rest of the participants were in identical tone: demands, threats and blackmail. The series "Instead of Coal, What?" also showed the way unity and discipline, commendable in operations under the danger of the forces of nature, have unfortunately been transferred to the sphere of thinking in the mining industry over several decades. As is known, this is not beneficial. It is part of the reason why "the gleanings" of the discussion published in recent days are lean not only in terms of space but primarily in their merit, and will enhance very much "the concern with heat and light" and—equally—the future of Silesia.

Agricultural Machine Industry Investments for Increased Mechanization

26000458b Warsaw *RZECZPOSPOLITA* in Polish
1-2 Jun 88 p 3

[Text] For the years 1986-1990, 106 to 110 billion zloty (in 1984 prices) has been allocated for development of industries producing machines and equipment for the food industry, 32 to 38 percent more than was spent for this purpose in the years 1981-1985.

In the field of the manufacture of technological resources for agriculture, these fields are steered mainly to the expansion of factories producing equipment that enable full mechanization of basic technological processes, e.g., production of grain, feeds and potatoes and farm animal breeding. In addition, the manufacture of more than 40 new kinds of machines and equipment marked by high efficiency and lower energy consumption will be undertaken. At the same time, the potential of factories producing components for so-called specialized cooperation (chains, hydraulic power equipment, etc.) will increase.

—Expansion of the "Unia" Agricultural Machine Factory in Grudziadz is nearing completion and after full capacity is reached, the problem of cultivating tool shortages will be completely eliminated;

—The "Archimedes" Agricultural Machine Factory in Wroclaw is being expanded; in three years current production of milking machines will double;

—Expansion of the "Kraj" Agricultural Machine Factory in Kurtino has begun. The result will be quantitatively and qualitatively adequate production of seeders for grains and beets;

—Expansion of the "Agromet" Agricultural Machine Factory in Brzeg is nearing completion. It will provide modern fertilizer spreaders;

—By 1990, production of potato harvesters manufactured by the "Agromet" Agricultural Machine Factory in Strzelce Opolskie will increase to 7,000 units (current production is at 5,000 units);

—Expansion of the "Agromet-Pilmet" Agricultural Machine Plant in Wroclaw should be completed next year. It will increase production of sprinklers and supply power hydraulics components for all farm machines;

—Expansion of the "Agromet-Dolzamet" Agricultural Machine Factory in Chojnow has been completed. The factory produces chains for manufacturers in Poland and for export.

Problem of Saline Mining Water Discharge Examined

26000478a Katowice *GOSC NIEDZIELNY* in Polish
No 25, 19 Jun 88 p 1

[Article by Franciszek Szpor: "Bitter Price of Coal"]

[Text] They say that Warsaw tea lovers pull a long face more and more often after the first sip of their favorite beverage, which in our region of culinary customs is drunk plain or with sugar, but never with salt. However, the tea in Warsaw has a more or less perceptible salty aftertaste. This results from a delicate brine flowing through the water mains of Warsaw, and it flows because it originates underground in the mines of Silesia. It is also known that the severalfold shorter service life of cooling water piping in the Lenin Iron and Steel Mill (compared to other iron mills) is a significant maintenance problem, because the mains are also fed with water from the Vistula, into which mine brines are discharged. Thus, we are dealing with perhaps the most graphic example of "long-range destruction" by negative consequences of human interference in nature.

They kept silent for a long time about the issue of mine brines; it was left out in drawing the balance of benefits and expenditures and the cost of coal mining. It is difficult to apportion the blame for this state of affairs to the lack of imagination and underevaluating the danger posed by the salt produced along with coal, and to determine the degree to which it should be explained by helplessness in the face of this truly difficult problem. To be sure, an original Polish technology of salt removal from mine water "Debiensko" has been developed and tested in operation (named after the mine where a desalination plant using this technology was built and is operating). This does not spell relief, because it is an incredibly energy-intensive technology. I recall that more or less a year and a half ago a representative of the ministry of mining made a group of journalists visualize quite vividly the energy-intensiveness of such desalination: if we were to desalinate all the mining water which is in need of it, then, to obtain the amount of energy required for this purpose, we should burn about 40 million tons of coal a year, or more than one-fifth of annual output. Thus, even at that time, more than a year ago, the mining industry helplessly passed over the fact that almost 7,000 tons of salt a day (!) are discharged into the Odra and the Vistula on its account, which means that the salt content is above the norm in the Vistula as far as the confluence with the Wieprz, and in the Odra—below Glogow and the confluence with the Barycz.

It so happens that in reaching for the increasingly deeper seams of coal, at the same time we release and must pump to the surface the increasingly saline brines. This is and will be the case in our mining. It is already known that, if the current level of output is maintained, in the year 2010 (it is only 21 years away!) the daily amount of salt from underground mines will double, and if we continue to dump it in the Vistula and the Odra, then

they will be transformed into streams of brine, the former as far downstream as below the confluence with the Brda, and the latter below the confluence with the Nysa Luzycka.

Therefore, is there any "light" at the end of this tunnel full of salt? There is. At least, this is what a competent representative of the coal industry announced recently, and he did so at the third annual seminar for journalists from all over the country, invited by the governor of Katowice province to get acquainted with the current ecological problems of Upper Silesia and the status of solving them. Firstly, the mining industry pins its hopes on "the salt fund," set up last year and supposed to be earmarked in its entirety for water desalination; it is going to be accumulated entirely from the fees and fines paid by mines for discharging brines. The miners say that this fund will be quite sufficient. Finally it has been decided to opt for a desalination technology incomparably cheaper than "Debiensko" in terms of energy-intensiveness. This was the other foundation for hope with which the representative of mining desired to infuse the journalists. We will purchase the technology abroad, or, more precisely, we will buy entire installations, in which the method of the so-called reverse osmosis will be used.

One might say a whiff of optimism exists, though I did not see the journalists, who have been competently tackling environmental issues for years, become optimistic. It may be that, simply put, significant problems and dangers were kept under wraps too long, and marvelous programs, optimistic through and through, were put forth and "the best in the world" environmental legislation was passed too often, with the results known and obvious. It is hard indeed to be optimistic, and the credit of trust has been depleted. However, is there a way out other than to acknowledge yet another action program and follow its implementation to the degree it is possible? Certainly, the problem of mine brines does not boil down to the grimacing of a tea lover, nor does it manifest itself even in the problems with the cooling water pipes at Nowa Huta corroding at a breakneck speed. This is, first of all, the issue of dying Polish rivers, their unsuitability for anything, be it drinking, irrigation of agricultural land or even navigation. However... If we bring ourselves to be optimistic and believe in the realism of the program according to which we will get a handle on the desalination of brines by the year 2010, a new great unknown arises: what is to be done with the salt removed at the time, of which a surplus of 1 to 2 million tons a year will remain after consumption and industrial processing? It cannot be stored either underground, or on waste heaps. Then what? Who knows, the most realistic proposal may be the one offered by one of the journalists in jest—in view of the reportedly advancing "fresh-water invasion" of the Baltic, to add to the sea "coal-derived" salt.

Thus, should we brace for the transportation of 1 to 2 million tons of salt from Silesia to the sea?

Indeed, the price of coal to us is becoming increasingly bitter.

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Economic Restructuring, Ecology Relationship

26000461d Warsaw TRYBUNA LUDU in Polish
1-2 Jun 88 p 2

[Text] Economic restructuring is a condition for the success of ecological programs, said Prof Waldemar Michna, minister of Environmental and Natural Resource Protection at a press conference organized for World Environmental Protection Day, which we will observe on 5 June. If the national income growth rate is not at least three times greater than the increase in consumption of fuels and energy, it will be impossible to control sulfur dioxide emissions. The broadly conceived "sulfur program" and action aimed at decreasing salinity in the Odra and Wisla rivers are the main directions for ecological undertakings in the next few years.

12776

Conservatism Delays Changes in Housing Investments, Construction

26000482b Warsaw ZYCIE WARSZAWY in Polish
6 Jun 88 p 3

[Article by Wladyslaw Fialkowski: "To Be an Investor"]

[Text] It has never been an easy profession. All over the world the problem of investment is problem number one in economic life, and the proof of this is that experts on investment are paid the best. In Poland their earnings are more or less proportional to the quality of investments, meaning exceptionally meager, and their problems, especially the new ones emerging in connection with reform of the economy, are impossibly complicated, sometimes resembling a squared circle. This complication is affected mainly by the new method of financing and obtaining credit for housing construction and a whole batch of other economic decisions that have an impact on investment.

Here are a few of the crucial problems with which investment services in residential construction are struggling today. First, proper credit and standard construction costs effective as of 1 January 1988. For three groups of urban centers, maximum costs for one square meter, up to which the bank will extend cheap credit, have been established. After surpassing this cost, the investor may obtain further credit of a more commercial nature, with an interest rate from 9 to 15 percent.

Up to now, interest rates on credit played no role at all in construction. Today the high rate means that when these are considerably exceeded, we may face a situation where the user of the future cooperative apartment will have to pay several thousand zloty every month just to pay off the credit, not to mention the costs of utilization.

This is a principle inconsistent with the situation in which the investor has no impact on cost trends. Technologies are determined in advance and regional authorities impose specific conditions for investment at a given building site (i.e., building height, number of parking spaces, etc.), and this is reflected in investment costs. And since regulated prices have ceased to be effective in construction as of 1 April, according to contractors' predictions, the costs of construction should jump by at least 40 percent.

Already today in the biggest urban centers, with standard costs in the range of 80,000 zloty per square meter, prices are exceeding 100,000 zloty.

The new method of extending credit carries with it still other difficulties. The traditional method of investment in residential construction in Poland is based for example, on a housing cooperative's obtaining credit to build an entire housing complex, along with all the services and technological infrastructure necessary for it. Then these installations were assumed by municipal, commercial and service enterprises and credits were discontinued. Under economic reform, with the introduction of the principle of independence and self-financing, a change in this system was logical. Every future owner of the infrastructure—for example, the Consumers' Cooperative, which is to be the future owner of the store and power plant, as future owners of the gas system become independent investors as individual economic entities, while the building investor can at most accept a commission as investment agent at their cost.

But none of these co-investors in housing construction have any money, and if they do they are not very enthusiastic about investing. And because as a consequence of the new economic order in Poland the coordinating powers of regional state administrative bodies have been eliminated, no one is in a position to force a retail organization to erect a store on the complex when it does not pay. And it certainly does not pay for retail organizations, which do not have investment funds, good to sell or personnel to service the stores.

But the biggest problem is not with retail organizations. At worst there will be no store at the housing complex. But the real problems begin when the enterprises controlling the technical infrastructure assume the same position. Gas works or electrical works are also independent investors in their own economic right now, and it does not pay for them to bring electricity or gas into the complex as their own investment either. Under these circumstances, residential construction should come to a complete halt in Poland. To this day, not one agreement for new investments consistent with current rules has been entered into with contractors.

These are just two examples of the difficulties that occur in the investment process in connection with the introduction of the rules of economic reform. An academic conference held in Warsaw at the end of May was

devoted precisely to these problems. The conference was organized by the Warsaw Division of the Academic Society for Organization and Management [TWOiK] and the "Inwestprojekt" National Residential Construction Study and Design Center. Indeed, it was the first of an entire series of conferences devoted to obtaining credit for and financing residential construction, that have as their purpose working out—together with investor representatives taking part in them—new methods of investor activity under new economic conditions. Interest in this conference was enormous with many more applicants than there were available places.

I do not hesitate to say that it was, at least in its intent, a landmark conference. It was not the first meeting of its kind, neither in the investors' environment nor in the cooperative housing movement, which is the largest and best organized investor in residential construction. But all the meetings up to now had a completely different character. The point was to show the inconsistency and incoherence of the rules that economic reform, along with economic reality, have brought to the process of management. Investors proposed a change in the just introduced rules, showing their impracticality under present circumstances to representatives of economic authorities. Statements were produced as a result of these discussions, but they did not produce any results.

The purpose of the conference organized by TWOiK was something else completely. An attempt was made to approach the problem from another angle. If the economic center, in its decisions to reform the economy, including the investment process, is really so unyielding, then it can determine that these new conditions for investment should be accepted as existing reality and adapt its actions to these new conditions. An attempt was made to reactivate the well known old argument that there is no point getting angry with reality because it does not care anyway. One has to become "settled" in reality so that it does not hurt too much.

So a clearly positive program was proposed that became possible on the initiative of "Inwestprojekt," which is trying to guarantee investors in housing construction broad organizational advice so that they can get back on their feet under the new conditions. Did the organizers succeed with this intention?

A significant assortment of speakers was assembled. Perhaps that is the wrong term, because they actually played the role of participants in the discussion that arose on the problems of housing investment. The participants were Wojciech Miernik, director of the Polish Security Bank Credit Department; Janusz Quandt, director of the Polish National Bank Construction and Central Transport Department; director Kazimierz Dukaczewski of the Finance Ministry and others. So it was a group of people who were not only very familiar with the new investment rules, but also with their architects to a major extent.

They all sat behind a table and those present pointed inconsistencies in the rules on the investment process. The guests behind the table made a worthy stand against these claims. That is how one might characterize the course of the conference. But there are still reflections.

The first reflection—on the extremely conservative approach by investors to the problems that come to them to solve. The conviction still prevails among investment services that all the new elements introduced into this process in recent year that are contrary to the current method of carrying out investments in residential construction are meaningless. The truth—that if there are such great contradictions in this process, then one of the sides is wrong—has still not reached everyone. For now the government side is deciding who is right. But very consoling is the fact that these conservative attitudes are beginning to break down among investors (hence, surely, such interest in the conference), that they are beginning to pursue ways to revitalize the investment process and attempting to adapt it to the principles of economic reform.

But this conservatism—and this is the second reflection—is not something that one could acknowledge as an integral component of their psyche. To a great extent it is elicited by the position of the economic center, or at least the people who represent the center in circles of this kind. I have already mentioned that this was not the first conference of its kind, nor the first critical remarks directed at the economic center. This has been going on for about two years and for these two years none of the representatives of the economic center have wanted or dared to say openly that the new rules for economic

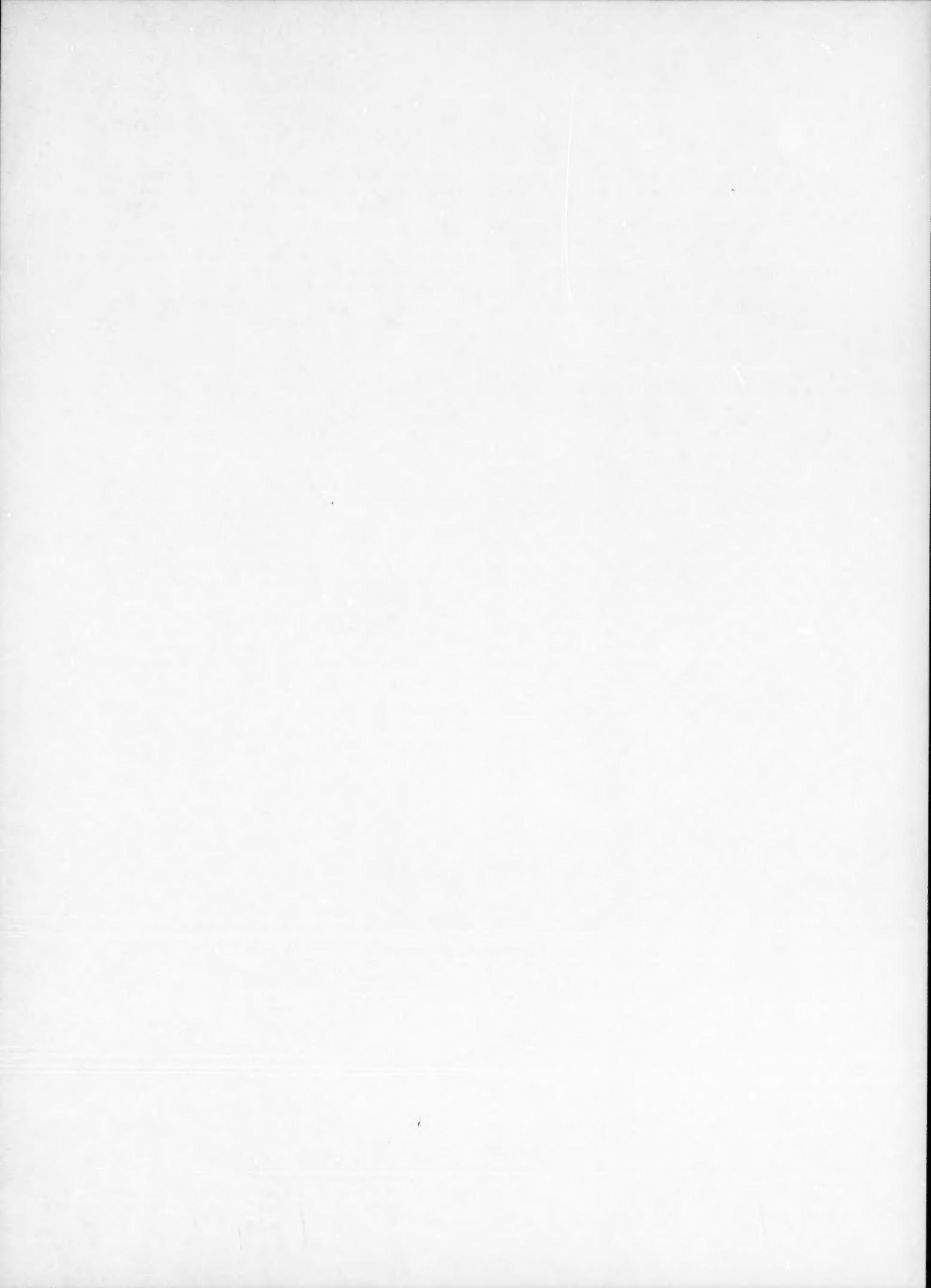
activity are hard rules, that there will be no retreat from them and that they have been created precisely to be contradictory to the current method of carrying out investments, precisely to change this method. Statements at these meetings have always been dilatory and have produced the conviction by participants that "the government will consider the proposals," that "the government will reflect and revise." The effect was such that the process of adapting to the new economic circumstances was delayed by those two years. We could have had all this behind us today.

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Bydgoszcz Transportation Rate Hikes Postponed
26000461e Warsaw TRYBUNA LUDU in Polish
1-2 Jun 88 p 2

[Text] Residents of Bydgoszcz will continue to pay the same rates for streetcar and bus tickets as in other cities for two more months. The Provincial Labor Unions Agreement has negotiated a postponement of planned rate increases, which were to be effective from 1 June to 1 August. The proposed increase in ticket prices for city transportation in Bydgoszcz is to be one of the sources for securing funds necessary to raise the wages of Provincial Transportation Enterprise [WPK] employees, for which approximately 450 million zloty is needed. Some of the funds for this purpose have been saved by the WPK itself, because of improvement in managing streetcar and bus stock and replacement parts.

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19, Aug. 1988